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Daily Report
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FBIS-EAS-94-144 *27 July 1994*

CONTENTS

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INTERNATIONAL AFFAIRS

DPRK Wants 'Practical' U.S. Compensation Plan *[YOMIURI SHIMBUN 27 Jul]* 1
Reports on ASEAN-Dialogue Partners Meeting 1
Military Aid to Cambodia Approved *[KYODO]* 1
Thailand Wary on Cambodia Aid Issue *[THE NATION 27 Jul]* 2
Isolating Burma Said Mistake *[KYODO]* 3
Western Allies Soften Burma Stance *[THE NATION 27 Jul]* 4
Alatas Hails West's View of Burma *[ANTARA]* 5
'Main Points' of Partners' Speeches *[BANGKOK POST 27 Jul]* 5
Japan, PRC, ROK, ASEAN on EAEC Talks *[NIHON KEIZAI SHIMBUN 26 Jul]* 7
EAEC Concept 'Has Moved Forward' *[BERNAMA]* 8
ROK, Japan, PRC, U.S., Russia Plan Forum *[YONHAP]* 8
Japanese Envoy Discusses Regional Security *[BANGKOK POST 27 Jul]* 8
Kono: 'No Change' in Tokyo Bid for UNSC Seat *[KYODO]* 9
ASEAN Concerned About Numerical Targets *[KYODO]* 10
Kono Vows To Promote ASEAN Nations' Imports *[KYODO]* 10
Pledges Closer Ties With Asia *[KYODO]* 10
Kono Asked To Boost Investment in Germany *[KYODO]* 11
Kono Meets SRV Minister, Pledges Support *[KYODO]* 11
Kono Supports Singapore's Hosting WTO Meeting *[KYODO]* 11
Conference on ASEAN Fishery Cooperation Opens *[BANGKOK POST 27 Jul]* 11
Thailand Wants Coordinating Post *[BANGKOK POST 27 Jul]* 12
ASEAN-South Korea '6 Plus 1' Session Held *[BERNAMA]* 12
Laos Moves 'Step Closer' to ASEAN Membership *[BANGKOK POST 27 Jul]* 13
European Union Unveils New ASEAN Strategy *[THE NATION 27 Jul]* 13
Tokyo: Norway Wants Minke Whale Ban Lifted *[KYODO]* 14

NORTHEAST ASIA

Japan

Steelmakers To Fight U.S. Dumping Charge *[KYODO]* 15
Aviation Talks With U.S. 'Unlikely' To Succeed *[NIHON KEIZAI SHIMBUN 19 Jul]* 15
Red Cross Pledges 19.8 Million Yen Aid in Rwanda *[KYODO]* 15
'True Character' of Kim Il-song, Son Noted *[BUNGEI SHUNJU Aug]* 15
DA Cautious About DPRK Defector's Information *[KYODO]* 21
Clear Tokyo-Seoul Policies Toward DPRK Urged *[NIHON KEIZAI SHIMBUN 24 Jul]* 21
Death of Kim Prompts DA To Review Defense Plan *[MAINICHI SHIMBUN 25 Jul]* 22
Lower Growth Rate Hinted for Defense Budget *[KYODO]* 22
Takemura Seeks Maximum Cut in Defense Spending *[KYODO]* 23
ASDF May 'Fully' Automate Radar Warning System *[KYODO]* 23
More Reports Related to SDPJ, Party Policy 23
Ozawa on Murayama *[KYODO]* 23
Approving Nuclear Energy *[NIHON KEIZAI SHIMBUN 25 Jul]* 24
Party Backs Murayama's Policy *[KYODO]* 24
• Murayama on Politics, Tax *[SEIKAI Jul]* 25
Survey: Firms Reducing Political Donations *[KYODO]* 28
Survey: Strong Yen Hurts Medium, Small Firms *[MAINICHI SHIMBUN 26 Jul]* 28
Gyoten Interviewed on Currency System Reform *[ASAHI SHIMBUN 24 Jul]* 29
Medium-Term Outlook for Exchange Rates Debated *[NIKKEI BUSINESS 27 Jun]* 30
Businesses 'Regret' Public Utility Charges Hike *[KYODO]* 33

Wholesale Rice Prices Said Continuing To Fall *[KYODO]* 33
Big Corporate Groups' Excessive Power Noted *[KYODO]* 33
MITI Survey: Small Firms More Optimistic *[KYODO]* 34
High-Speed Translation Machine Developed *[KYODO]* 34
Semiconductor Industry Looks to Post-DRAM Era 34
New Memory Devices Viewed *[NOMURA SEARCH Jun]* 34
Outlook for Ferroelectric RAM *[NOMURA SEARCH Jun]* 36

North Korea

Activities Commemorate War 'Victory' Anniversary 38
War Veterans, Youth Gather *[Pyongyang Radio]* 38
Workers' Rally Marks 'War Victory' *[Pyongyang Radio]* 39
Meeting Marks War 'Victory' Day *[KCNA]* 41
Editorial Marks War Anniversary *[KCNA]* 43
Army Marches To Mark 'Victory' Day *[KCNA]* 43
Kye Ung-tae Speaks at Gathering *[Pyongyang Radio]* 44
U.S., ROK Conduct Joint 'Air War Exercise' *[KCNA]* 49
Hanminjon Publishes 'Indictment' of Kim Yong-sam *[KCNA]* 49
Kim Yong-sam Criticized for Remarks at Meeting *[Pyongyang Radio]* 50
Socialist Youth Group Denounces Kim Yong-sam *[KCNA]* 51
Paper Praying for Kim Il-song on ROK Building *[KCNA]* 51
ROK Unions Urge Government To Stop Suppression *[KCNA]* 52
ROK University President's Remarks Criticized *[KCNA]* 52
Calls To Install Kim as Head of State Reported *[KYODO]* 52
Radio Broadcast Calls Kim Chong-il President *[KYODO]* 52
TV Shows Rally Lauding Kim Chong-il's Mother *[Tokyo TV]* 53
Citizens, Soldiers Pay Respects to Kim Chong-suk *[KCNA]* 53
More International Condolences, Embassy Visits *[KCNA]* 53
Overseas Koreans Express Condolences *[KCNA]* 53
Lebanese Communist Party, More *[KCNA]* 54
Foreign Party Leaders to WPK *[KCNA]* 54
Foreign Officials Visit Embassies *[KCNA]* 54
More Services for Kim Il-song Held Abroad *[KCNA]* 55
India, Zimbabwe, Cameroon, Mozambique *[KCNA]* 55
Military Delegation Reportedly Toured PRC *[NIHON KEIZAI SHIMBUN 22 Jul]* 55
Greetings Sent to Egyptian President *[KCNA]* 56
Greetings Message Sent to Colombian President *[KCNA]* 56
Greetings Sent to Zaire's New Ministers *[KCNA]* 56

South Korea

Carter Says No Plans To Visit DPRK *[YONHAP]* 56
Foreign Minister Meets With U.S. Official *[YONHAP]* 56
North To Ask for 'Practical Plan' During Talks *[Seoul Radio]* 57
Dissidents Protesting U.S. Bases Attacked *[YONHAP]* 57
Kang Song-san Relative Reportedly Defects to South *[Seoul Radio]* 57
More on Defection *[YONHAP]* 57
Details of Defection *[KYODO]* 57
Relative on Nuclear Program *[YONHAP]* 58
Defector's Statement Discounted *[YONHAP]* 59
Foreign Minister Refutes DPRK Statement *[YONHAP]* 59
DPRK To Broadcast Rally on Victory of War *[YONHAP]* 60
Dailies Analyze DPRK After Kim Il-song *[CHOSON ILBO 20 Jul, etc]* 60
DPRK Paper Said To Publish Widow's Photo *[YONHAP]* 60
Network Provides DPRK Officials' Backgrounds *[THE KOREA TIMES 20 Jul]* 61
University Presidents Voice Support for Pak *[YONHAP]* 61
Dailies Review Remarks on Pro-DPRK Radicals *[CHOSON ILBO 20 Jul, etc.]* 61
Korean-Japanese Economic Cooperation Analyzed
[THE KOREA HERALD SUPPLEMENT 23 Jul] 62
Business Between PRC, DPRK To Resume 21 Jul *[CHOSON ILBO 22 Jul]* 64

Daily on Kim's Policy Toward Labor Movements *[CHUNGANG ILBO 21 Jul]* 64
Resolution of Labor Disputes Appears Likely *[YONHAP]* 65
Lawmaker on Issue of Constitutional Reform *[THE KOREA TIMES 23 Jul]* 65
Semiconductor Exports Exceed 1 Billion Dollars *[YONHAP]* 66
Trade Registers 89 Million Dollar Surplus *[YONHAP]]* 66
Prisoners of War Reported Sent to Central Asia *[YONHAP]* 66
Opposition Leader on 'Chusapa' Students, Drought *[THE KOREA TIMES 23 Jul]* 67
Ministry Maps Measures To Fight Severe Drought *[THE KOREA TIMES 23 Jul]* 67
KIET on International Competitiveness Strategy *[HANGUK KYONGJE SINMUN 21 Jun]* 68
Early Adjustment of Industrial Structure Urged *[HANGUK KYONGJE SINMUN 21 Jun]* 69
* Trends in Multimedia Industrial Policy Viewed *[CHONJA CHINHUNG May]* 70
Chong Kwan-yong on 'Perception of Reality' *[WOLGAN CHUNGANG Jun]* 74
* Pattern of Technology Imports Seen Changing *[SILMUL KYONGJE 25 May]* 79

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

PRC Deportees To Be Persuaded To Return Home *[BERNAMA]* 82
Mahathir: Countries Should Decide on EAEC *[BERNAMA]* 82
Japan Criticized for Complaints About Trade *[NEW STRAITS TIMES 21 Jul]* 82
Foreign Banks Not Allowed To Open Branches *[Kuala Lumpur Radio]* 83
King's Brother To Face Action for Israel Visit *[NEW STRAITS TIMES 25 Jul]* 83
Radio Two To Begin 24-Hour Program 1 Aug *[BERITA HARIAN 14 Jul]* 84

Singapore

Editorial Views Economic Ties With Indonesia *[BUSINESS TIMES 26 Jul]* 84

Cambodia

Editorial Views SRV Attempt To Join ASEAN *[Radio PGNUNS]* 85
Khmer Rouge Claims Right To Purchase Arms *[Radio PGNUNS]* 85
Corporation's Illegal Logging in Ratanakiri *[REAKSMEI KAMPUCHEA 7 May]* 86
Former SOC Said Effective in Fighting KR *[KAOH SANTEPHEAP 4-5 May]* 87

Indonesia

Editorial Urges ASEAN To 'Nudge' Burma *[THE JAKARTA POST 22 July]* 87
Spokesman Rejects Conditions on Arms Sale *[REPUBLIKA 16 Jul]* 88
Lawyers Meet Jailed East Timor Leader Gusmao *[ANTARA]* 88
German Envoy Says Aid Reflects Trust *[SUARA PEMBARUAN 13 Jul]* 88

Laos

Memorandum on Japanese Aid for 1994 Signed *[KPL]* 89
Radio Cooperation Discussed With Vietnamese *[KPL]* 89
Seminar on Drug Inspection Techniques Concludes *[Vientiane Radio]* 89
Agreement on Lignite Power Project Signed *[KPL]* 90

Philippines

Syndicate Sending Chinese to U.S. Said Busted *[Quezon City Radio-TV]* 90
Ramos Views Government's Achievements, Plans *[Quezon City TV]* 90
Abu Sayyaf Transfers Custody of Hostage Priest *[Quezon City Radio-TV]* 93
Cardinal Urges Participation in Rally *[Quezon City Radio-TV]* 93

Thailand

Comments on ASEAN Ministers' Meeting *[MATICHON, etc.]* 93
'Realistic' Expectations Urged *[BANGKOK POST 27 Jul]* 93
'Mixed Signals' From PRC *[THE NATION 27 Jul]* 94
Indonesia's Alatas Denies East Timor Pressure *[BANGKOK POST 27 Jul]* 95
Vocational Center Proposed for Lao Returnees *[BANGKOK POST 26 Jul]* 96
Australian Minister Sees New Role for APEC *[THE NATION 27 Jul]* 97
Column Views Delegation's Burma Visit *[THAI RAT 31 May]* 97
Better Ties With Cambodian Province Urged *[THAN SETTHAKIT, 2-4 Jun]* 98
Experts Differ on Biodiversity Convention *[THE NATION 27 Jul]* 98

Vietnam

Commentary Views Situation in Cambodia *[Hanoi International]* 99
Cambodian Cooperation Committee Moves Reported *[Hanoi Radio]* 100
Vo Van Kiet Chairs Socioeconomic Task Meeting *[Hanoi Radio]* 100
National Assembly Standing Committee Meets *[Hanoi Radio]* 100
Government Seeks To Balance Budget *[VNA]* 101

DPRK Wants 'Practical' U.S. Compensation Plan

OW2707142294 Tokyo YOMIURI SHIMBUN in Japanese 27 Jul 94 Morning Edition p 5

[By Kunihiko Yamaoka]

[Text] New York, 25 Jul— On 25 July, a source in the DPRK (North Korean) mission at the United Nations commented on the outlook for the third round of the U.S.-DPRK high-level talks set for 5 August. The source stated that North Korea hopes the United States will present "practical measures to compensate for North Korea's economic losses until it introduces a light-water reactor." It is believed this indicates that North Korea intends to ask the United States to ease or lift economic sanctions over the next six to 10 years until a light-water reactor is introduced. And, the country also wants to ask the United States to provide energy-supply technology such as that for power generation and power transmission systems, which is easily introduced, as well as technology for coal mining. For this reason, the North Korean intention is noteworthy.

The North Korean source emphasized that Kim Chong-il's new regime intends to attach as great importance to the U.S.-DPRK talks as the country did previously, saying: "We take the position that in pursuance of Kim Il-song's wishes, North Korea will try to resolve the nuclear issue peacefully through cooperation with the United States." The source stated: "Our intention is clearly seen in our decision to convert a graphite-moderated reactor into a light-water reactor by going so far as to suffer heavy economic losses."

Then, the source added: "Although our ultimate guarantee on the nuclear issue is the installation of an actual light-water reactor, it will take a long time to introduce. Therefore, (the United States) must present practical measures to make up for economic losses which will be caused (by the conversion) until we introduce a light-water reactor, as well as a sure legal warrant in connection with the supply of technology for light-water reactors." Thus, for the first time, the source mentioned the need for measures to compensate North Korea's possible economic losses. The source declined to mention the content of the measures in concrete terms.

The light-water reactor issue will be a major focal point in the third round of U.S.-DPRK high-level talks to be resumed on 5 August. At the second round of talks held in September last year, North Korea announced a new policy of converting the existing graphite- moderated reactor into a light-water one, and asked for U.S. assistance. The United States basically welcomed the switch in North Korean policy. The two countries initiated discussion on measures to materialize the North Korean plan at the third round of talks which started on 8 July.

Reports on ASEAN-Dialogue Partners Meeting

Military Aid to Cambodia Approved

OW2607152594 Tokyo KYODO in English 1458 GMT 26 Jul 94

[Text] Bangkok, July 26 KYODO—The Association of Southeast Asia Nations (ASEAN) and their seven "dialogue partners" reached a consensus Tuesday [26 July] on extending non-lethal military assistance to Cambodia.

Australian Foreign Minister Gareth Evans said the consensus was reached on the first day of a two-day ministerial conference between the six ASEAN members and Australia, Canada, the European Union, Japan, New Zealand, South Korea and the United States.

"The mood unquestionably was one of support for military assistance in the form of training, organizational and institutional support," Evans told reporters.

He said the consensus was "reflected in the uncontested remarks around the table to the effect that the situation in Cambodia at the moment is somewhat fragile, and certainly needing continued international support."

Evans said there was a recognition that three things are necessary, the first being the Cambodian Government's own efforts to improve the quality of government, ensure equitable economic development and put in place an effective justice system to win public confidence.

He said the second thing needed is to cut off any support for the Khmer Rouge, presumably from across the Thai border.

"Not that I or anyone else was suggesting that that support is being provided on an official basis, I'm sure it's not," he said.

"But the freelance channels that have been operating have obviously been important in keeping the Khmer Rouge viable and its obviously equally important that those channels dry up to the extent that's humanly possible."

Evans said the third requirement, and the one on which most of the discussion was concentrated, is "the need for institutional support for the Cambodia Government and, in particular, for the Cambodian military."

He said support for providing military assistance, not necessarily weapons, was voiced by Australia, the United States, French officials in the European Union delegation, and ASEAN members Indonesia and Malaysia.

"I don't want to suggest that's the limit of the number of countries that may be involved in this exercise. That's just an indicative sample," he said.

But he said Thai Foreign Minister Prasong Sunsiri was "very explicit about no military support in the sense of equipment and materiel, ammunition and so on."

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Nevertheless, he said, the Thais are "certainly supportive in terms of a willingness to provide organization support and training as appropriate."

"The important thing now is really to identify with some precision what's required and to deliver it in an organized, coordinated fashion," he said.

He said Australia itself would "not be in a position" to actually provide weapons to the Cambodian Government "and we don't think that's the most immediate or relevant need."

Evans noted the arguments that weapons could end up in the hands of the Khmer Rouge themselves because of corruption among low-paid but high-ranking government and Army personnel and the absence of control and discipline in terms of weapons storage.

"The immediate need is training, is organization, is institutional support," he said.

Evans said Australia has proposed designing a comprehensive training plan for the Cambodian Army which would address basic military discipline, counterinsurgency strategy and tactics, as well as basic things like logistics systems, and the handling, maintenance and storage of weapons.

The day's talks also discussed in detail the situation in Myanmar [Burma].

ASEAN officials said Australia, New Zealand, Canada and the European Union suggested a rethink of their previous get-tough policy vis-a-vis the military government and edged closer to the ASEAN policy of constructive dialogue with the junta in Yangon [Rangoon].

"For the first time, the Western countries have come to accept that ASEAN's constructive engagement policy has worked," said a Singapore diplomat.

Evans said that for a long time Australia was among those most strident in its condemnation of the human rights situation in Myanmar.

"That conspicuously failed to move the agenda forward," he said.

At the same time, Western countries were said to unanimously demand that Aung San Suu Kyi [name as received], the Nobel Peace Prize laureate whose National League for Democracy emerged victorious in the 1990 elections but was denied power by the ruling State Law and Order Restoration Council (SLORC), be unconditionally released from her five-year house arrest.

Participants in the talks also discussed North Korea, the South China Sea and such economic issues as post-Uruguay Round multilateral trade negotiations and Western countries' linking of trade with human rights and labor concerns.

Thailand Wary on Cambodia Aid Issue

BK2707024894 Bangkok THE NATION in English 27 Jul 94 pp A1, A2

[By Kunlachada Chaiphiphat and Marisa Chimprapha]

[Text] Thai officials expressed reservations yesterday as Asean's Western dialogue partners pushed for urgent military assistance to the Cambodian government in its fight against the Khmer Rouge.

The call received guarded support from Asean members Indonesia and Malaysia. But Thailand, which fears military help will worsen the situation of its troubled neighbour, labelled the push as external interference in Cambodia's internal affairs.

Foreign Minister Prasong Sunsiri told the closed-door meeting that Thailand considered the Khmer Rouge a political force and the Cambodian problem a political problem which should be settled through political negotiations, an informed source said.

The Cambodian issue dominated the first session of the two-day Post Ministerial Conference (PMC) involving Asean and its seven dialogue partners—Australia, Canada, the European Union, Japan, New Zealand, South Korea and the United States.

Deputy Foreign Minister Surin Phitsuwan said that while the PMC delegates agreed about the need for military assistance, there were signs of division over whether this should include weapons.

"When they talk about military support in terms of providing weapons, they seem to be unsure as to whether such assistance will lead to peace and stability in Cambodia," he said.

Leading the joint push for military assistance was Australian Foreign Minister Gareth Evans, who said he proposed a programme that would focus on training and support rather than the actual supply of weapons.

He stressed the importance of shutting off all support for the Khmer Rouge, including "freelance channels,"—an apparent reference to the long, porous border between Thailand and Cambodia.

He insisted any assistance to strengthen the legitimate government was not interference, but rather the obligation of all the signatories of the Paris peace accord.

In his opening speech, Evans said the conflict in Cambodia had threatened efforts to achieve social and economic reconstruction. "All of us here should be considering what action is necessary, jointly or individually, to ensure that the past tragedies of Cambodia are not repeated," he said.

U.S. Assistant Secretary of State Winston Lord said there was a "lot of support" for Cambodia's request for military assistance.

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"Most people felt (military hardware) should be included, although the emphasis was on reform and training of the army so that it could use the assistance," he was quoted by KYODO as saying.

Lord said those coming out in favour of responding to Cambodia's call for military assistance included Indonesia, Malaysia, New Zealand and the EU, especially France.

U.S. Deputy Secretary of State Strobe Talbott said in his opening delivery that despite some political progress, Cambodia would not be able to recover from tragedies of its past without sustained assistance.

Earlier, in a press briefing, Talbott said the U.S. would continue to consult like-minded governments, namely Australia, France, Malaysia and some Asean countries on what forms of military assistance would be appropriate. He said the United States had provided economic assistance worth US$33 million to Cambodia last year and would give $40 million next year, pending the approval of Congress.

The United States also provided limited military assistance in the field of non-lethal support, namely construction, engineering and bulldozers.

The European Union meanwhile supported giving military aid, but disagreed with attempts to internationalize the Cambodian problem again.

Leading the discussion for Asean, Indonesian Foreign Minister Ali Alatas said international efforts to help Cambodia needed to continue and should focus on economic assistance and reconstruction of the war-shattered country.

Noting that many countries were assisting Cambodia militarily, he warned that military assistance could be perceived as a form of foreign interference by the local population without the exercise of proper caution.

Japanese Deputy Prime Minister and Minister for Foreign Affairs Yohei Kono yesterday warned that all foreign assistance should be strictly appropriate.

Isolating Burma Said Mistake

OW2607155394 Tokyo KYODO in English 1516 GMT 26 Jul 94

[Text] Bangkok, July 26 KYODO—Many dialogue partners of the Association of Southeast Asian Nations (ASEAN) on Tuesday [26 July] acknowledged a mistake in isolating the military government in Myanmar [Burma] and vowed to follow the ASEAN policy of keeping communication lines open with Yangon [Rangoon], a senior ASEAN source said.

The foreign ministers of Australia, Canada, New Zealand, Japan and the European Union all agreed that isolation will not work and that ASEAN's policy of constructive engagement with Myanmar should be followed, the source said.

The United States, however, remained silent on the issue during closed-door talks among the six-member ASEAN and its seven dialogue partners—Japan, Australia, Canada, New Zealand, South Korea, the European Union and the United States.

The conference participants agreed that there was progress in terms of Myanmar's opening up to foreign trade, investment and tourism, and in reconciliation among national groups.

The source quoted one foreign minister among the dialogue partners as saying "last year, I said something about Myanmar and I'm ready to swallow my words even if I get indigestion."

"We acknowledge there has been some progress, but let us hold them to certain benchmarks about what we want them to do to measure progress," the source quoted another foreign minister as saying.

The foreign ministers of Thailand, Singapore and Malaysia responded by saying ASEAN will enthusiastically agree to set benchmarks to measure the progress of reforms in Myanmar.

The three foreign ministers also told the conference that during their bilateral meetings with Myanmar, they noted the necessity to move forward on liberalization.

"ASEAN is no longer divided from its dialogue partners on this issue," the ASEAN official said.

"The Western countries have come to accept that ASEAN's constructive engagement has worked," a senior Singapore official said.

Prior to the conference discussion on Myanmar, Australian Foreign Minister Gareth Evans told reporters that Australia's strident condemnation of the human rights situation in Myanmar "conspicuously failed to move the agenda forward."

But he said Australia will continue to encourage ASEAN and China not to "give too much away too quickly" in its dealings with Yangon, and "to use all their powers of persuasion and encouragement to help the human rights cause."

Canadian Minister of Foreign Affairs and International Trade Andre Ouellet, in a speech at the opening of the conference, urged ASEAN to take account of concerns on human rights violations in Myanmar "perhaps in the form of benchmarks that would measure the progress of reforms."

"While Burma's (Myanmar's) opening to its neighbors after decades of self-imposed isolation is encouraging, and may offer the hope that the regime's policies will moderate over time, we need to see evidence of real commitment of political reform," Ouellet said.

A spokesman for the European Union admitted there has been a change in the EU approach to Myanmar, but that the basic policy remains the same.

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"The truth is we do believe that regarding a country that is difficult...there should be an attempt to enter into conversation with that country by means of...critical dialogue," the spokesman said.

A senior Canadian official also said that while Canada is "moving toward dialogue with Myanmar" it prefers "a carrot and stick approach."

Western Allies Soften Burma Stance

BK2707031594 Bangkok THE NATION in English 27 Jul 94 pp A1, A2

[Text] Western countries previously critical of Asean's policy of "constructive engagement" have abandoned their determination to isolate Burma and will talk to Rangoon about political and human rights reforms.

Australia, the European Union, New Zealand and the United States were said to have drastically softened their approach during talks yesterday, although they still pressed for the unconditional release of detained opposition leader Aung San Suu Kyi.

The change of heart came to light during the closed-door Post-Ministerial Conference (PMC) in Bangkok, where the six Asean nations held annual talks with their seven dialogue partners from developed countries in Asia and the West.

Both Thai Foreign Minister Prasong Sunsiri and his deputy Surin Phitsuwan announced yesterday that Asean's dialogue partners agreed that isolation of Burma was "a wrong approach" and that dialogue would help Burma develop "positively". Citing protocol, Prasong and Surin declined to name the countries.

"Many countries have softened their position" towards Burma and now considered constructive engagement as "the right approach in achieving positive development", Surin said.

"Some of them even mentioned that isolation was not effective and agreed to engage (in dialogues) and to set targets for changes," he added.

Asked about the U.S. position Surin evaded answering, saying that "all countries appreciated our efforts in giving them an opportunity to express their opinions and concerns".

He said all countries expressed frank opinions, concerns and hopes for changes and progress in human rights issues, including the freedom of Aung San Suu Kyi and ethnic minority conflicts.

"Everybody hopes the (Burmese junta's) negotiations with the UN will start soon and proceed quickly and that the dialogue will help persuade them to make progress in human rights and towards national reconciliation in Burma," he said.

Rangoon has tentatively agreed to talks with the UN on democratization in Burma.

Foreign Ministry spokesman Suwit Simasakun told the press conference last night that "all participants (at the PMC) agreed that isolation is not the answer and that constructive engagement is the right answer. Many countries may not be as patient as Asean. It is the Asean and Asian way to deal with the issue."

Australia, New Zealand, the U.S. and the EU acknowledged some political changes in Burma, but said "more progresses" or "improvements" were needed before Burma could qualify for entry into the world community.

They urged the State Law and Order Restoration Council (Slorc) to start dialogue with Suu Kyi and with UN Secretary-General Butrus Butrus-Ghali as soon as possible.

At a press conference yesterday, German Foreign Minister Dr Klaus Kinkel, who is the president of the European Union's Council of Ministers, announced the EU would start "critical political dialogue" with Slorc and that he would meet his Burmese counterpart U Ohn Gyaw.

"We must see what we can do and to what extent we can help overcome the critical problems that exist in that country," he said.

Delegates at the PMC meeting yesterday confirmed that New Zealand had supported the policy of constructive engagement, expressing the belief it would help bring about positive development in Burma.

Australia, Canada, the European Union and the United States yesterday jointly sent a message of concern to the Burmese junta urging progress on human rights and democratic reforms.

The call, made yesterday by the four foreign ministers and their deputies at the opening of the PMC, stopped short of condemning Slorc and called for the respect of human rights and the release of political prisoners, including Aung San Suu Kyi.

Canada and the European Union, currently chaired by Germany, were the strongest of the four in calling for evidence of "real progress" on democracy and human rights in Burma.

Australia, which has been reviewing its approach towards Burma for about two years, conspicuously came up with a relatively softened statement, while the United States got to the point by calling for the release of Aung San Suu Kyi and the restoration of democracy.

"The people of Burma hope this regime will restore democracy and release Aung San Suu Kyi. We share and support that hope," said U.S. Deputy Secretary of State Strobe Talbott.

Although Talbott agreed that differences do exist between East and West over human rights, he said: "It is important for all of us to acknowledge where we do

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agree. All of us want to be treated with dignity by our governments. There is no cultural justification for torture or tyranny."

Canada was more vocal and defied the UN's adoption of Myanmar as Burma's new name. Canadian Foreign Minister Andre Ouellet said his country was concerned that stability "remains elusive" in Burma where Slorc continued to resist democratic reform, detain political opponents and harass large segments of the population.

He said while Burma's opening to its neighbours after decades of self-imposed isolation was "encouraging, and may offer the hope that the regime's policies will moderate over time, we need to see evidence of real commitment to political reform".

He urged Slorc to respond to international concern by releasing political prisoners and by taking "concrete measures for the restoration of democracy".

"We hope that other countries, including our Asean partners, will take account of these concerns in their approach to Burma, perhaps in the form of benchmarks that would measure the progress of reform," he said.

Australian Foreign Minister Gareth Evans, who used to be in the forefront of critics of the Slorc for its human rights abuses and political repression, surprisingly made a relatively short reference to Burma. He said the political situation in Burma threatens regional stability.

"The domestic political situation in Myanmar (Burma), quite apart from its continuing to challenge some of the most basic principles of the Universal Declaration of Human Rights, continues to exert a potentially destabilizing influence on regional security," he said.

Hans van den Broek, EU Commissioner for Foreign Affairs, made only an indirect reference to Burma in his speech. He only said that the European Commission supported Asean's efforts to build a strong and prosperous Southeast Asia of 10 states.

Alatas Hails West's View of Burma

BK2707030394 Jakarta ANTARA in English 1818 GMT 26 Jul 94

[Text] Bangkok, Jul 26 (OANA-ANTARA)—Foreign Minister Ali Alatas said Tuesday he felt "relieved" that western countries participating in a dialogue with ASEAN members countries here had ultimately come to understand the latter's stand on Myanmar [Burma].

"I feel relieved that ASEAN's dialogue partners now understand our stand on Myanmar," Alatas told reporters after a dialogue session earlier in the day.

ASEAN groups Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, while their dialogue partners are the United States, Japan, Australia, South Korea, the European Union, New Zealand and Canada.

Observers at the meeting said the United States and Australia had brought up the issue of human rights violations by Myanmar's ruling State Law and Order Restoration Council (SLORC) in support of their demand that the Myanmar's ruling junta should recognize the outcome of the country's 1990 elections.

The U.S. also wanted ASEAN to persuade the Myanmarese [Burmese] Government to talk to Aung San Suu Kyi, the Nobel Peace Prize winner whose party won the elections.

Alatas said an intense debate on the issue of Myanmar had taken place.

Asked about the possibility of ASEAN providing military aid to Cambodia, Alatas said any military aid to the country would be discussed at a special meeting on military training aid.

"ASEAN will never provide military assistance in contravention of the Paris accord on Cambodia," he said.

He also said ASEAN countries and their dialogue partners had reiterated their support to Cambodia's legitimate government formed based on the results of the UN-sponsored general elections last year.

Meanwhile, a conference spokesman of the Thai Foreign ministry said that ASEAN and its dialogue partners had deplored the continuing intransigence of the Khmer Rouge in Cambodia and condemned them for trying to stage a coup recently.

The spokesman said the conference also discussed regional and global security, including the latest developments in the Middle East.

The outcome of discussions on the latest developments in Bosnia between ASEAN member countries and their dialogue partners were expected to contribute to the settlement of the Bosnian question, he said.

'Main Points' of Partners' Speeches

BK2707055794 Bangkok BANGKOK POST in English 27 Jul 94 p 5

[Report: "Dialogue Parters Urge on Region"]

[Text] The main points of speeches by ASEAN dialogue partners at the opening ceremony of the ASEAN Post Ministerial Conferences yesterday.

—Thai Foreign Minister Prasong Sunsiri:

"We in ASEAN highly value the importance of this gathering at the Post Ministerial Conferences which serve to promote a better mutual understanding of various international political and economic issues of common concern as well as to further bilateral cooperation between ASEAN and the dialogue partners...

"Now that ASEAN's relations with its dialogue partners have become more mature, it may be timely to redefine the dialogue relationship to reflect our mutual concerns

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and interests. Development and functional cooperation remain the vital core of our overall relationship with each of our partners, and we shall endeavour to see that it is mutually rewarding and worthy of the efforts invested in it."

—Australian Foreign Minister Gareth Evans:

On economics: "We believe the time is coming when APEC [Asia- Pacific Economic Cooperation] will need to take on a new and even more significant role in economic integration—going beyond its present very useful roles as a body for OECD-style dialogue and cooperation, and for reaching agreement on trade facilitation strategies—going beyond what is achievable in the GATT or new WTO (World Trade Organisation), in this respect—to become the vehicle through which trade in the region will be made free. How this will occur in practice is, of course, as yet unclear, but we are optimistic that the decisions in Bogor in November will at least get the process moving."

On regional security: "The central development has been, of course, our just-concluded inaugural meeting of the ASEAN Regional Forum [ARF], a truly significant event for the Asia Pacific region as a whole.

"There has been good cooperation among us already on a number of specific regional security issues, in particular on the Chemical Weapons Convention, Cambodia and the South China Sea.

"Conflict within Cambodia has escalated this year, with worrying implications for efforts to achieve social and economic reconstruction which is vital to the long-term security and stability of the Cambodian state. All of us here should be considering what action is necessary jointly or individually, to ensure that the past tragedies of Cambodia are not repeated.

"The domestic political situation in Myanmar [Burma], quite apart from its continuing to challenge some of the most basic principles of the Universal Declaration of Human Rights, continues to exert a potentially destabilising influence on regional security."

—Canadian Foreign Minister Andre Ouellet:

On security: "Large-scale movements of peoples, whether refugees displaced by persecution or persons seeking improved economic conditions, are continuing. We see this throughout the world, whether it be Rwanda in Africa, Haiti in the Western Hemisphere or Burma in this region. We must work together to address the root causes of migratory pressures and not just deal with the consequences.

"One root cause is the pursuit of nationalism as a political ideology. We all have an obligation that our ethic, religious and cultural minorities are not the subject of intolerance and mistreatment."

On regional issues: "...Canada's interest in furthering this objective is reflected in the practical contributions we continue to make in the region, from the provision of de-mining expertise in Cambodia to the sponsorship with Indonesia of informal talks on reducing tensions in the South China Sea...

"Cambodia represents one of the great successes, and continuing challenges, of international peacekeeping. Canada was proud to be a signatory to the Paris Peace Accords. We provided over 200 service personnel and 100 civilians as our contribution to the largest peacekeeping operation in the United Nations' history.

"It is thus with increasing concern that we note the recent developments in the country that now threaten the gains which have been achieved at such cost. The Khmer Rouge, whose appalling human rights abuses shocked the world in the 1970s and which boycotted the UN sponsored elections, are continuing the civil conflict in the country. While, ultimately, Cambodians themselves must achieve a lasting peace to allow the reconstruction of their country, it is in the interest of the entire international community to ensure that the legitimately elected government is supported and that strong measures are taken to ensure that the Khmer Rouge receive no assistance from any source."

—European Union [EU] President Dr Klaus Kinkel:

On regional issues: "The people of Myanmar are being denied the most elementary and civil rights. The clear result of the 1990 parliamentary elections, in which the people made it obvious by whom they want to be governed, is being ignored by those wielding power. The EU is prepared to begin talks with the SLORC [State Law and Order Restoration Council]. It is, however, up to the leadership in Yangon to ensure, by making real progress towards democracy and respect for human rights, that this does not remain a one-off meeting. Five years after Aung San Suu Kyi was put under house arrest the question does arise as to which path SLORC intends to pursue in order to achieve a policy of greater openness in the country.

"In an impressive move in the face of massive intimidation attempts by the Khmer Rouge, one of the signatories to the Paris agreements, the people of Cambodia placed responsibility for the nation's affairs in the hands of a democratically legitimised government. The government has quickly addressed itself to its difficult tasks. But the process of reconstruction is being jeopardised by the Khmer Rouge. The EU will continue to give Cambodia substantial reconstruction assistance. Cambodia's neighbours are particularly called upon to support the country. A peaceful Cambodia must be at the core of our joint endeavours in keeping with the spirit of the Paris accords."

—The European Union's Hans van den Broek:

"The ASEAN Regional Forum promises to be an important and innovative part of the new processes to ensure peace and security in Asia. For this reason, we particularly appreciated participating yesterday (July 25) in the historic inaugural session of ARF.

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"At last year's Post Ministerial Conference in Singapore, the European Commission went on record as supporting ASEAN's efforts to build a strong and prosperous Southeast Asia of 10 states. We believe the announcement at this year's ASEAN ministerial meetings that before too long your neighbours Vietnam, Cambodia and Laos could join ASEAN to be a move of historic significance. In broadening its member ship, ASEAN is clearly creatively adapting to new challenges."

On economic issues: "Among the impressive list of new subjects put forward for consideration by the WTO—the relationship between trade, finance and currency, as well as the link between trade and the protection of the environment—clearly deserve the highest priority. That said, we have no intention of giving any legitimacy to disguised, or green, protectionism.

"The WTO should not be overloaded with new issues. But it should be able to keep abreast of developments in world trade. The relationship between trade and the conditions for competition as set by national legislation, as well as social conditions, should be given serious consideration. The Union has supported the idea of putting such issues on the agenda of the WTO in order to ensure that free trade is also fair trade. But we are determined that in doing so this should not be used as an excuse for introducing some form of disguised protectionism."

—Japanese Foreign Minister Yohei Kono:

"A new cabinet was inaugurated in Japan about a month ago. May I take this opportunity to make it abundantly clear that this new government will maintain Japan's basic foreign policy to date, which attaches importance to our relations with Asia and seeks to actively contribute to the peace and prosperity of the Asia-Pacific region."

—South Korean Foreign Minister Dr Han Sung-chu:

On security: "If we fail, the nuclear rivalry between the two superpowers would only have been replaced with a worse situation: at best tens of nuclear powers brandishing newfound nationalism would emerge; at worst, nuclear weapons would fall into the hands of terrorist groups. Such is the stake we have in the NPT (Non- Proliferation Treaty). The North Korean nuclear question represents a test case for the NPT regime. The resolution of the former is essential to secure the fate of the latter."

- US Deputy Secretary of State Strobe Talbott:

On human rights: "The microchip and the modem, the fax machine and the photocopier international telephone and computer networks are the lifeblood of modern business. Economies are stifled when citizens must fight the state to own and use these machines. Societies and political systems must be open if they are to thrive."

On economic issues: "Moving the necessary legislation for GATT through the US Congress will not be easy, but the Clinton Administration is fully committed to doing so this year. We understand that some of you face similar difficulties. It is important that each of us succeeds in persuading our domestic constituencies of the importance of establishing the new World Trade Organisation.

On security: "Fighting proliferation is no longer the sole responsibility of a handful of powers. Many countries in Asia and elsewhere can produce the chemicals, electronics, and other material sought by would-be weapons states. We call on Asian nations to play their rightful role in joining and enforcing non-proliferation regimes.

"Conventional weapons can have a powerful destabilising effect as well. Therefore, the United States looks forward to working closely with your countries to build strong export control systems and policies to prevent dangerous transfers to countries and regions of concern."

Japan, PRC, ROK, ASEAN on EAEC Talks

OW2607190094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Jul 94 Morning Edition p 8

[By Yasushi Watanabe]

[Text] Bangkok, 25 Jul—On 25 July in a Bangkok hotel, foreign ministers of the ASEAN, Japan, China, and the ROK held the first "informal ministerial conference" on the East Asia Economic Caucus [EAEC] proposal and agreed to continue the multinational conference. With the conference, the ASEAN's EAEC proposal took one step forward, because all the guests, including Japan, which has demonstrated a prudent attitude toward its being involved in the EAEC, agreed to meet again on this issue. On the other hand, the United States is frustrated with the conference because it has been opposing the EAEC proposal. Hereafter, U.S. attitudes at the Asia- Pacific Economic Cooperation (APEC) ministers conference in November will become the focal point of the EAEC issue.

During the luncheon meeting, the ASEAN ministers said: "The EAEC is not a grouping to harm other countries. We would like to listen to opinions from Japan, China, and the ROK to make the grouping acceptable to everyone." In reply, three guest nations noted that "it is important to eliminate the concerns of other APEC members," but none of them opposed the EAEC proposal itself.

After the conference, ASEAN Secretary General Datuk Ajit Singh stated: "The attendees agreed to hold other informal meetings on the EAEC proposal whenever the chance arises. I think that the conference is helpful for discussing topics of interest to each other."

While the secretary general did not refer to the timing of the next meeting, it is likely to be held simultaneously with next year's ASEAN foreign ministerial conference. The ASEAN, Japan, China, and the ROK agreed to continue consultations. "The conference was not a formal EAEC conference" (as noted by Datuk Ajit Singh); however, the ASEAN is satisfied with the results.

The United States, which has not been invited to join the EAEC, urged Japan not to attend the conference, which

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might "divide the Pacific region." However, Japan refused this demand, saying, "Japan's diplomacy is to make the most of opportunities to speak out." The United States intends to sound out the real intentions of the ASEAN and Japan in bilateral meetings to be held during the expanded ASEAN conference starting on 26 July.

EAEC Concept 'Has Moved Forward'

BK2707140294 Kuala Lumpur BERNAMA in English 1000 GMT 27 Jul 94

[Text] Bangkok, July 27 (OANA/BERNAMA)—Malaysian Foreign Minister Abdullah Ahmad Badawi says the East Asian Economic Caucus [EAEC] concept has moved forward following a meeting to assure three prospective members—Japan, China and South Korea—that it would not become a political organisation but would remain a loose consultative forum addressing economic issues.

Abdullah said the luncheon meeting, which had been dubbed as the EAEC luncheon had given ASEAN an opportunity to explain to its prospective members the EAEC concept.

Another informal meeting would be held at the UN General Assembly in New York in early November.

If the issue takes a lot of time, I can be patient, Abdullah said after the informal lunch during the 27th Association of Southeast Asian Nations (ASEAN) ministerial meeting/post-ministerial conferences here.

ASEAN Secretary-General Ajit Singh said the parties concerned had to be reassured that the EAEC is not against APEC (Asia Pacific Economic Cooperation) and will not derail or is against the APEC process.

China, according to spokesman Shen Guofeng, had clearly expressed its support for the EAEC, which ASEAN has been trying to sell as a caucus within APEC.

China's Foreign Minister Qian Qichen and his Japanese counterpart, Yohei Kono, had indicated that the EAEC should be a loose consultative grouping and non-exclusionary.

U.S. Deputy Secretary of State Strobe Talbott had been reported as saying that he would discuss the idea with other ministers, but he thought that the APEC forum was the most promising and suitable vehicle for regionalism and free trade in the Asia-Pacific.

Australia, like the U.S., has argued that the EAEC would be inconsistent and even confrontational with the 17-member APEC forum initiated by Australia.

ROK, Japan, PRC, U.S., Russia Plan Forum

SK2707071394 Seoul YONHAP in English 0701 GMT 27 Jul 94

[Text] Bangkok, July 27 (YONHAP)—Working-level officials from South Korea, Japan, China, the United States and Russia will meet soon to discuss the Northeast Asia regional forum which South Korean Foreign Minister Han Sung-chu proposed at the Association of Southeast Asian Nations (ASEAN) ministerial talks, Han said Wednesday.

Han, currently in Bangkok for extended talks among ASEAN foreign ministers, said that South Korea, Japan and the United States had already been in contact twice on the issue of the Northeast Asia security dialogue at Seoul's initiative.

"China and Russia also reacted positively to the Northeast Asia security dialogue and, therefore, specific measures could be taken," Han said.

"Our policy is to include North Korea in the Northeast Asia security dialogue after the North Korean nuclear issue is solved to lead the North to openness," he said.

However, Han said there was no consensus among concerned countries, including Canada and Mongolia, on the Northeast Asia security dialogue, as the matter has only been considered in the initial stage.

Japanese Envoy Discusses Regional Security

BK2707064294 Bangkok BANGKOK POST in English 27 Jul 94 p 4

[Interview with Japanese Ambassador to Thailand Takashi Onda by Anurat Maniphan in Bangkok "before the start of the ASEAN meetings last week"]

[Text] Q: What is your view of South Korea's proposal for a Northeast Asia dialogue?

A: It is very useful to activate an exchange of views at various levels among the countries in Northeast Asia in order to enhance regional security and foster a sense of reassurance among the countries. In that sense, it should be welcomed.

Q: Are you for the multilateral principle?

A: I think countries of the region, countries particularly interested in the region, should participate.

Q: What are Japan's suggestions for confidence-building and dispute settlement in Northeast Asia?

A: At this moment, we have a very difficult problem. We don't have a form of dialogue among the concerned countries, but I think we can go step by step to increase understanding among the countries.

We have for instance seminars at the expert level. We could do it in various ways, to exchange views, for more understanding among the countries.

Q: What should be the United States' role in the region in the post-Cold War? Should it maintain its present level of participation?

A: I think so. I think the presence and engagement of the United States in the Asia Pacific region is indispensable

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to security and development. (The US) should continue that presence and engagement.

We are helping, with host nation support of the American military presence in Japan. Continued presence and engagement is necessary, or useful and indispensable to the security and prosperity of the region.

Q: Do you have any concerns about China, the fact that it is growing as an economic power and is restructuring its forces?

A: China's economic development is beneficial to the prosperity of this region. The economic prosperity of one country is certainly beneficial to other countries.

Q: Will this economic prosperity lead to more assertiveness by China?

A: More active participation by China in the economic and political affairs of the world in the future is indeed welcome and could be very positive.

Q: What is Japan's policy on peacekeeping?

A: On the whole, Japan would like to make contributions that are commensurate with her international position and responsibility.

As for Asian peacekeeping activities, I think it would be useful and desirable to search for a means of cooperation among the regional countries for regional peacekeeping operations.

There are many proposals for such operations, though their design and functions are not (yet) clear. I think further clarification is necessary, so I cannot comment specifically.

Q: What are your views on the training of regional peacekeeping forces?

A: We think that a centre for training personnel for UN peacekeeping operations is desirable. A regional centre for other purposes could be useful. We have to look into it.

Q: Were you discouraged by your Cambodia experience?

A: I don't think so. We learned from the Cambodia experience how important it is to keep multilateral efforts under the United Nations to preserve and secure peace. We were in no way discouraged by our Cambodia experience.

Q: In what ways could Japan's contribution to regional peacekeeping help it secure a permanent seat on the UN Security Council?

A: I don't think that permanent membership of the council is directly related to joining peacekeeping operations.

In the UN charter, it is not obligatory for UN Security Council members or permanent members to join peacekeeping operations, and in fact I think many permanent Security Council members do not usually participate.

Of course I think we would like to continue in the United Nations' (efforts to ensure the) stability of the world.

And in general terms, we would like to participate in and cooperate with peacekeeping activities.

Q: Do you think it would help Japan to secure a seat?

A: The seat on the Security Council or the change for that matter will be decided by the vote of the United Nations.

Q: Will it be affected by your activities with ASEAN or others?

A: Well, I think the UN members will decide. And I think they will certainly take into consideration the country's ability and record of activities. Many countries in the world understand our ability to contribute to world security.

Q: How important is settlement of the South China Sea issues to Japan? Would joint development of resources help bring a negotiated solution?

[No answer notation as published] Of course the South China Sea is very important to not only Japan, but also to the rest of the Asia Pacific region, because it connects the region to the Indian Ocean. So to keep peace in this area is certainly important.

Q: How to achieve it?

A: I think all the countries involved in territorial questions in this area seem to agree that the problem has to be solved by negotiation in a peaceful manner.

Joint development of resources would help reach a solution by negotiation. But I think we will not go into that difficult work yet. There are many ways to start to cooperate in joint maritime research and study, and evaluation of environmental questions. Joint development of resources would be useful, but I think it would mean we would have to touch on territorial questions and I don't know whether the countries involved are ready at this time.

I think it is important to solve (the dispute) in a peaceful manner. People have to start to do something together that will help.

Q: Do you do the very difficult thing first or do you start, for instance, in maritime research?

A: You can do many things. But I think it's certainly easier to do research and study than joint development.

Kono: 'No Change' in Tokyo Bid for UNSC Seat

OW2707133294 Tokyo KYODO in English 1306 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—Japanese Foreign Minister Yohei Kono on Wednesday [27 July] denied

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the new administration of Prime Minister Tomiichi Murayama is cautious about Japan's bid for a permanent seat on the UN Security Council, Japanese officials said.

Kono told Singaporean Foreign Minister Shunmugam Jayakumar, in a meeting at a Bangkok Hotel "there is no change in Japan's position" on the issue, the officials said. Murayama and Kono have expressed a cautious stance apparently because of fears that membership could entail contributing military personnel. Kono also told Jayakumar that Japan will promote reform of the United Nations, they added.

Singapore serves as vice chairman of a UN Working Group on Security Council Reorganization. Singapore is also currently serving as a contact partner for Japan with the Association of Southeast Asian Nations (ASEAN).

Kono welcomed the fact that Vietnam and Myanmar [Burma] have attended the recent ASEAN foreign ministerial meeting, and Jayakumar said Vietnam should make sufficient preparations to become a formal member of ASEAN, the officials said.

ASEAN Concerned About Numerical Targets

OW2707085494 Tokyo KYODO in English 0836 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—The foreign ministers of the six-member Association of Southeast Asian Nations (ASEAN) expressed anxiety Wednesday that Japan's possible acceptance of U.S. demand to set numerical targets for imports may encourage Washington to push similar demands for ASEAN. Japanese officials said the ASEAN ministers voiced the concern in a meeting with Foreign Minister Yohei Kono at a Bangkok Hotel.

Washington has been urging Japan to set numerical targets to allow it to measure Japan's market-opening steps in a verifiable manner, a demand Tokyo has rejected as one that could lead to managed trade.

Kono pledged that Japan will apply to ASEAN members the same market-opening measures Tokyo agrees to take for U.S. exporters seeking to crack the Japanese market, the officials said.

Kono told the ASEAN ministers Tokyo will try to expedite imports from ASEAN and pare down its growing trade surpluses with ASEAN nations by bolstering private consumption which Kono said could stem from lifting of regulations on Japan's economy.

The Japanese foreign minister also called on the ASEAN ministers to transfer to Vietnam ASEAN's economic know-how that has allowed ASEAN nations to develop its economies in order to help Hanoi develop its economy, they said.

Kono Vows To Promote ASEAN Nations' Imports

OW2707044194 Tokyo KYODO in English 0419 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—Japan pledged Wednesday to step up imports from member countries of the Association of Southeast Asian Nations (ASEAN) by expanding domestic demand through deregulation so as to help reduce bilateral trade imbalances.

Japanese Foreign Minister Yohei Kono made the pledge during a meeting with his ASEAN counterparts, Japanese officials said. ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Trade between Japan and the ASEAN countries totaled 83.5 billion dollars last year, 2.9 times the 1986 level.

The combined bilateral trade balance swung to Japan's favor in 1989 and the surplus has since been growing as ASEAN's strong economic growth has boosted its imports of capital and semifinished products, Kono said.

"Japan is now striving to increase domestic demand through elimination of regulations," he said, according to the text of his speech. "I expect that this will definitely increase the import of finished products from the ASEAN countries, coupled with technical transfer accompanied with direct investment."

But Kono urged ASEAN for its part to relax curbs on foreign investment and prepare a better investment infrastructure.

He also pointed to the need for ASEAN to support Vietnam's shift to a market economy by providing expertise on the rapid economic development of the member nations, the officials said.

Pledges Closer Ties With Asia

OW2607164794 Tokyo KYODO in English 1502 GMT 26 Jul 94

[Text] Bangkok, July 26 KYODO—Japanese Foreign Minister Yohei Kono told three other Asian foreign ministers Tuesday [26 July] that the coalition government of Prime Minister Tomiichi Murayama will seek closer relations with Asian nations.

In a meeting with Philippine Foreign Secretary Roberto Romulo, Kono asked him to ensure security in the Philippines to help boost Japanese investment there, Japanese Government officials said.

Kono also said Japan will continue economic aid to the Philippines. Romulo told Kono it was understandable that Japanese business executives are concerned about security in the Philippines if they are considering further investment.

Malaysian Foreign Minister Abdullah Badawi told Kono in a separate meeting that it was useful for Kuala Lumpur to discuss with Japan the Malaysian-proposed idea of the East Asia Economic Caucus.

Kono asked Abdullah to further explain the idea to concerned countries including the United States, the officials said.

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Thai Foreign Minister Prasong Sunsiri asked Kono to pay more attention to the human rights of the increasing number of Thai people in Japan.

Kono noted that the number of Thais staying illegally in Japan has been increasing, and noted the need for the two nations to tackle these issues with patience, the officials said.

Kono Asked To Boost Investment in Germany

OW2707113694 Tokyo KYODO in English 1038 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—German Foreign Minister Klaus Kinkel asked Japanese Foreign Minister Yohei Kono on Wednesday [27 July] to boost Japanese investment in the former East Germany in a meeting at a Bangkok Hotel, Japanese officials said.

Kono told Kinkel Japanese business enterprises are very interested in the former East Germany and asked for improvements in the infrastructure there to encourage Japanese investment, the officials said. Kono explained to Kinkel Tokyo's measures to further open up Japan's market. Kinkel said Germany's trade deficit with Japan has been decreasing, the officials said.

The German foreign minister said the two countries should continue efforts to reduce Japan's trade surplus, the officials said. Kinkel is visiting Bangkok to represent the European union at a meeting of the Association of Southeast Asian Nations.

Kono Meets SRV Minister, Pledges Support

OW2707080194 Tokyo KYODO in English 0748 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—Japanese Foreign Minister Yohei Kono told Vietnamese Foreign Minister Nguyen Manh Cam on Wednesday [27 July] that Japan will continue to assist Vietnam in its efforts to reform its economy.

In a meeting with Kono at a Bangkok Hotel, Cam extended an invitation to Japanese Prime Minister Tomiichi Murayama to visit Vietnam when he goes to countries of the Association of Southeast Asian nations in August, Japanese officials said.

Cam also requested more Japanese investment in Vietnam and Kono urged the development of Vietnam's social and manpower infrastructures in order to encourage more investment by Japanese corporations.

Kono Supports Singapore's Hosting WTO Meeting

OW2707081594 Tokyo KYODO in English 0803 GMT 27 Jul 94

[Text] Bangkok, July 27 KYODO—Japanese Foreign Minister Yohei Kono expressed support Wednesday [27 July] for Singapore's hosting the inaugural ministerial meeting of the World Trade Organization (WTO), the new multilateral trade watchdog to be launched in January.

Kono expressed his support during the annual Association of Southeast Asian Nations (ASEAN) ministerial gathering, Japanese officials said.

The United States has been opposed to Singapore hosting the meeting since American teenager Michael Fay, who was living in Singapore, was flogged as punishment for spray-painting automobiles.

Kono, responding to Singapore's request for support, said holding the first WTO ministerial meeting in the country will be "meaningful."

It would provide a good opportunity for countries in the Asia-Pacific region to demonstrate their active involvement in multilateral trade talks, a Japanese Foreign Ministry source said.

Conference on ASEAN Fishery Cooperation Opens

BK2707103494 Bangkok BANGKOK POST in English 27 Jul 94 p 16

[Text] The Thai Overseas Fishery Association wants more open- sea cooperation among ASEAN countries, saying hundreds of trawlers and skilled fishermen are ready for the challenge, according to former association president Somkiat Anurat.

Regional fishery cooperation has been raised at a conference on ASEAN fishery management and development strategies for the year 2000. The four-day conference began yesterday at the Hyatt Central Hotel.

Mr Somkiat noted that Indonesia and Malaysia had rich fisheries and capital but lacked skilled fishermen, while Thailand could support the two countries' efforts if there was cooperation on joint investment.

He said the Thailand Fishery Federation, made up of six fishery and fish product organisations, had a close relationship with other ASEAN members' fishery federations.

During the conference, he said more cooperation including joint investment in deep-sea fishery in the Philippines and opening more fishery zones in the eastern seas off Malaysia might be allowed.

The Thai Fishery Department says the establishment of 200-mile Exclusive Economic Zones (EEZ) is at the core of the current problem in the region, exacerbated by the ever-increasing demand for fish from the growing population.

In the worst-case scenarios, the department said promises of high returns sometimes attracted too much capital investment in some sectors and caused over-investment.

Cooperation throughout ASEAN could be promoted through the establishment of joint ventures for rational and sustainable utilisation of resources, regional research and resource exploration, technology transfer and personnel development.

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The department's director-general, Plotprasop Suratsawadi, said two concrete plans for fishery cooperation had been laid out: a short-term plan through the year 2000 and a long-term plan to deal with the next 10 years.

He said the plan would help make ASEAN fishery more sustainable, improve the region's international bargaining power and preserve fish resources longer.

A report presented by Fatima Ferdouse, the chief of the trade promotion division of INFOFISH [not further identified], says ASEAN countries enjoyed an 18.5 percent share of the world trade in fishery products which has grown from US$35 billion to US$45 billion in the last five years.

Between 1988 and 1992, ASEAN countries' fish product exports rose dramatically, led by Thailand at 88 percent. Growth was 77 percent in Indonesia, 54 percent in Malaysia and 39 percent in Singapore.

Other than Brunei, with a small population of 300,000 and US$17,500 per-capita income, the Philippines was the only other country that showed a decline in growth, at 3.3 percent.

In 1992 alone, the ASEAN countries exported $5.4 billion worth of fish and fish products, with Thailand topping the list at $3.07 billion, followed by Indonesia ($1.17 billion) Singapore ($494.1 million), the Philippines ($393.9 million) and Malaysia ($302.5 million).

On the other hand, Thailand, Singapore, and Malaysia are still major importers of fish products.

Ms Fatima said lower tariffs, removal of quotas and trade liberalisation policies in the past few years had encouraged a regional fishery trade.

Thailand Wants Coordinating Post

BK2707115594 Bangkok BANGKOK POST in English 27 Jul 94 p 6

[Text] Thailand is pushing to become the main coordinator in ASEAN efforts to break down trade barriers and resolve other problems affecting the fishing industry.

The country will stake its claim to the position at the ASEAN fisheries meeting now being held in Bangkok.

Agriculture Minister Niphon Phromphan yesterday morning presided over the opening of the Conference on Fisheries Management and Development Strategies for the ASEAN Region for the Year 2000 at the Hyatt Erawan Hotel.

The meeting is being attended by about 150 fisheries officials and businessmen from ASEAN countries.

Mr Niphon said the fishing industry in ASEAN was the biggest in the world and it was now time ASEAN countries united so they have more bargaining power in the world marketplace and had fisheries included under provisions of the General Agreement on Tariffs and Trade (GATT).

He said overseas fishing represented a new direction for the Thai industry.

Fisheries Department chief Plotprasop Suratsawat said Thailand would raise a motion at the four-day conference recommending that marine resources be exploited in overlapping waters in the form of "joint development areas" as several ASEAN countries and non-member countries have been unable to define their common sea boundaries.

Thailand and Malaysia, for example have adopted a joint development area in the South.

Mr Plotprasop said the meeting would identify fisheries problems in ASEAN countries, the management of marine resources, aquaculture, related fisheries laws, fisheries prospects before and after the year 2000 and the needs of member countries.

One of the objectives of the conference is to make ASEAN the world's leading exporter of marine products. It is also aimed at ending conflicts among members involving fishing activities.

An action plan will be drawn up for implementation, he said.

Mr Plotprasop said Thailand hoped to increase the export value of its marine products by 15 per cent each year starting from a base of 85,000 million baht this year.

Thailand expects the value of marine product exports to reach 100,000 million baht by the year 2000, he said.

ASEAN-South Korea '6 Plus 1' Session Held

BK2707115794 Kuala Lumpur BERNAMA in English 0644 GMT 27 Jul 94

[Text] Bangkok, July 27 (OANA/BERNAMA)—Malaysia Wednesday suggested that the Association of Southeast Asian Nations (ASEAN) and South Korea work together to convince some developed countries not to link social and labour issues to international trade.

Foreign Minister Abdullah Ahmad Badawi said both ASEAN and South Korea should help convince these countries that the linkage of social clauses to international trade, without taking into account the pace of development, affordability and norms of the developing countries, would inhibit their development programme which, in the longer term, would do more harm to efforts to improve the social condition and welfare of workers in developing countries.

Addressing the ASEAN-South Korea 6 plus 1 session here, Abdullah said: While we look forward to an era of open and equitable trading system, in the past year or so, a new trend in global trade is of deep concern to developing countries, he said, in referring to the linkage.

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Abdullah, who co-chaired the session with his South Korean counterpart, Dr. Han Sung-chu, said ASEAN—which groups Brunei, Indonesia, the Philippines, Malaysia, Singapore and Thailand—appreciated the fact that South Korea, in many ways, shared the regional grouping's concern on this particular development in global trade.

We in ASEAN are addressing them within the context of our own social and economic development, he added.

Abdullah also told the meeting that ASEAN was pleased that the Uruguay Round of negotiations was finally concluded.

The task before us is to ensure that the process towards greater global trade liberalisation and expansion are followed through, he said.

In this regard, Abdullah said ASEAN and South Korea could work together to have the major trading partners ratify the final act and establish the World Trade Organisation (WTO) as early as possible.

On our part, we should also be preparing ourselves to do likewise, he said.

Laos Moves 'Step Closer' to ASEAN Membership

BK2707092194 Bangkok BANGKOK POST in English 27 Jul 94 p 6

[By Saritdet Marukathat]

[Text] Laos' membership of ASEAN moved a step closer yesterday when ASEAN secretary-general Ajit Singh met with Laotian Foreign Minister Somsavat Lengsavat to explain the necessary preparations.

Dato Ajit Singh said afterwards the Laotians "are very keen on joining us" .

The meeting was held just three days after Mr Somsavat told ASEAN at a consultative meeting on Saturday that Laos was interested in being a new ASEAN member.

Dato Ajit Singh said he had appraised the Laotian foreign minister of ASEAN's conditions on new members.

The conditions for a new member include signing the 1967 Bangkok Declaration, the ASEAN Concord and the Treaty of Amity and Cooperation, the establishment of the ASEAN Secretariat and the financial obligation.

The financial condition for a new ASEAN member involves a deposit of US$1 million with the ASEAN fund and some $700,000 for a regular assessment on an annual basis—the condition that some observers see as a main obstacle for Laos.

European Union Unveils New ASEAN Strategy

BK2707063394 Bangkok THE NATION in English 27 Jul 94 p A2

[By Chirawat na Thalang]

[Text] The European Commission yesterday unveiled a new strategy designed to forge closer relations between the European Union and countries in Southeast Asia.

The strategy was outlined in a paper delivered at the post- ministerial meeting of ASEAN.

The paper, entitled "Towards a New Asia Strategy", is described as the first policy document designed to launch a radical rethink of the European Union's strategy towards Asia. Compiled by the European Commission, the paper seeks to identify the reasons behind Europe's failure so far to establish an adequate economic and political profile in the region.

In his opening statement at the ASEAN post ministerial meeting yesterday, Hans van den Broek, member of the European Union, said, "By the year 2000, half of the growth in the global economy will come from East and Southeast Asia alone. The balance of world economic power is radically changing."

"For this reason, the European Commission has recently presented a new strategy paper on Asia to the European Council. We look forward to discussing the ideas in this policy paper and how they might apply to Asean at the next EU-Asean ministerial to be held in Karlsruhe in September."

According to N Wegter, the spokesman for the European Commission, the commission presented the paper to the Asean ministers as a guideline on how both sides would follow up the discussion. The paper covered both political and economical matters, such as efforts to promote peace and security by strengthening relations with ASEAN and another regional groupings, to pursue further market-opening and improvement in the investment climate and to raise the profile of Europe in Asia.

Wegter, however, noted that the paper will need to be discussed more thoroughly by the European Union. But after the EU approves the working paper, he said, a more concrete proposal would be made.

"We hope that the paper would provoke discussion between ASEAN and the European Union. And we hope the ASEAN countries come up with their own paper suggesting how the EU would work with Asia, the other way around," he said.

To promote economic dialogue with countries in Asia, the paper suggested that the Union should go beyond talks on a bilateral level but should seek cooperation with interregional initiatives such as Asia Pacific Economic Cooperation (APEC) on the multilateral level.

To strengthen political dialogue with Asia, the paper said that although Asia has repeatedly encouraged Europe to show a greater interest in the region, but "the Asian countries have refrained from being too specific in identifying the precise subjects which they would wish to elaborate further in a political dialogue with the Union."

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The EU has initiated dialogues with several of the Asian countries. The paper suggested that these dialogues focus on specific subjects with appropriate preparations and follow-up.

The paper said topics to be discussed might include arms control and non-proliferation. "Rapid economic growth, territorial disputes, increasingly ambitious armament programmes, the potential for distrust in such a large region and the weakness of the multilateral organizations for political consultation are all factors which could lead to regional conflicts in Asia capable of disrupting world equilibrium," the paper said.

Human rights and drugs are also sources of interest for the European Union. "The concept of the relationship between human rights, democracy and development, should be inspired by the assumption that economic development could bring about the progressive construction of civil society and thus improve the exercise of human rights, which in their turn could also be an important factor for the development," the working paper said.

On bilateral dialogue, the EU hopes to discuss trade and investment agreements with Vietnam. After Vietnam has made progress in human rights, Wegter said the EU will have an agreement with the Indochinese country.

Within this year, he said the EU hopes to set up a delegation office in Hanoi.

Han van den Broek of EU yesterday also asked members of the future World Trade Organization (WTO) to seriously consider a link between social issues and trade.

"The Union has supported the idea of putting such issues on the agenda of the WTO in order to ensure that free trade is also fair trade. But we are determined that in doing so, this should not be used as an excuse for introducing some form of disguised protectionism," he said.

Asean foreign ministers, at the end of their annual meeting on Saturday, issued a joint communique expressing the view that any attempt to link social standards such as human rights, labour rights and environmental issues with trade talks might somehow turn out to be some form of protectionism.

The EU delegate added: "The WTO should not be overloaded with new issues. But it should be able to keep abreast of developments in world trade."

Tokyo: Norway Wants Minke Whale Ban Lifted

OW2107112894 Tokyo KYODO in English 0912 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Norway has proposed scrapping a ban on exports of meat from Minke whales caught in Scandinavian waters, a move likely to anger antiwhaling activists, Japanese Government sources said Thursday [21 Jul].

Norway, a longtime critic of the ban on whaling, advanced the proposal to try to drum up support in view of the upcoming meeting of signatory states to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Fisheries Agency officials said.

CITES is widely referred to as the Washington Treaty as it was signed in the U.S. capital.

The Norwegian move appears to be aimed at gaining international recognition of Oslo's argument that the number of Minke whales in northern Atlantic waters is sufficient to allow resumption of commercial whaling, the officials said.

The treaty categorizes Minke whales in its appendix I, which places a total ban on catches and trade of certain species.

Norway is demanding that Minke whales be reclassified as a species covered by appendix II, which would allow trade provided the government issued a certificate of origin attesting to the fact that the whales were harpooned by its citizens.

The proposal would become an internationally recognized rule only if two-thirds of the treaty signatories approve of it at the upcoming conference.

However, the proposal may get nowhere in the face of staunch opposition from other nations, including the United States and France, which have advocated international protection of whales.

In May the International Whaling Commission (IWC) voted to create a whaling sanctuary in waters around Antarctica.

Norway resumed commercial whaling by setting a voluntary quota of 301 in 1993 after a six-year break, defying an international moratorium on commercial whaling and drawing a U.S. threat of trade sanctions.

Following its 1993 haul of 160 Minke whales, Oslo again pressed ahead with commercial whaling this year.

"Norway appears to be harboring the desire to export whale meat on a commercial basis," Junko Sakurai, an official of the Japan branch of Greenpeace, told KYODO NEWS SERVICE.

"If the proposal facilitated trade in whale meat, the moratorium would be virtually nullified and it would encourage poaching and smuggling by creating greater demand for whale meat," she said.

A Fisheries Agency official said Japan "will neither oppose nor back the proposal for the time being in view of the fact that the IWC has not yet determined the extent of Minke whale resources in the north Atlantic."

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Japan

Steelmakers To Fight U.S. Dumping Charge

OW2707112194 Tokyo KYODO in English 1032 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—Nippon Steel Corp. and Kawasaki Steel Corp., two major Japanese steelmakers, are planning to file an appeal with the U.S. Court of International Trade (CIT) by the Aug. 9 deadline against claims that they have caused damage to the U.S. steel industry, officials of the companies said Wednesday [27 July].

After U.S. steel manufacturers filed a complaint with the International Trade Commission (ITC) that the Japanese steelmakers are selling electromagnetic sheet steel products in the United States at unfairly low prices, the ITC issued dumping rulings against them May 19, imposing a high-rate antidumping duty on the Japanese products.

Nippon Steel and Kawasaki exported 40,000 tons of such products annually to the U.S. but have currently stopped exporting. The U.S. steel industry filed another petition at the end of June over Japanese-made so-called oil country tubular goods. "We are ready to bring to an end in court the unjustified dumping rulings of the ITC even if it takes long time," an official said.

Aviation Talks With U.S. 'Unlikely' To Succeed

OW2607133594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jul 94 Morning Edition p 5

[Text] The Japan-U.S. aviation negotiations, which are now under way in preparation for the opening of Kansai International Airport on 4 September, are unlikely to be settled in time for the event. The United States is taking an indifferent attitude toward resumption of the aviation talks because American aviation companies are not eager for new air routes, and the bilateral aviation negotiations are deadlocked over treatment of beyond rights. The Transport Ministry has been trying to use the allotment of new Kansai routes as a bargaining chip to revise the Japan-U.S. aviation agreement, which is disadvantageous to Japanese airlines. However, the delay in negotiations will force the ministry to review its strategy.

On 18 July, the Transport Ministry determined Kansai Airport's flight allotments for Japanese and American airlines as a stopgap measure for passenger carriers only. The temporary allotments are good until 29 October. Kansai Airport will give expanded flight quotas to airlines that have regular flights at Itami [Osaka International] Airport—Japan Airlines [JAL], Northwest Airlines (NWA), and United Airlines (UA). JAL and UA are planning to open new Kansai-Los Angeles flights as they have rights to set up new routes without government-level talks. NWA will open a Detroit-Kansai-Manila route in exchange for its Detroit-Itami-Sydney route. The Manila route is permitted because of NWA's beyond rights.

Because of the delay in the aviation talks, Kansai routes will not allotted to All Nippon Airways, American Airlines, and other airlines that have no routes to Itami Airport. JAL has applied for U.S. approval of a Sendai-Honolulu route, and the prolonged dispute over Kansai is likely to delay settlement of this issue, too.

In preparation for the opening of Kansai International Airport, the Japan-U.S. aviation talks were started in October 1992; however, the talks have so far only been held twice. This is mainly because: 1) American aviation companies do not believe passenger demand is very brisk in the Kansai area; and 2) the U.S. Government opposes Japan's proposal for limiting American companies' beyond rights.

The Japan-U.S. aviation agreement now in effect was concluded in 1952. Under the agreement, the United States has beyond rights with almost no restrictions while Japan's rights are very limited. Due to the unfair agreement, American aviation companies currently have a 70 percent market share in air transportation between Japan and the United States. To remedy the imbalance, the Transport Ministry asked American aviation companies to update the bilateral agreement on beyond rights, using allotments for the new airport as a bargaining chip.

Hereafter, the Japan-U.S. negotiations are expected to focus on flight allotments for the next peak season (March to October 1995). Japanese negotiators think "American companies will have to resume the aviation talks when they notice brisk demand in the Kansai area." But, some speculators are concerned that "negotiations hereafter are likely to be focused on new air routes, rather than remedies for the Japan-U.S. aviation imbalance."

Red Cross Pledges 19.8 Million Yen Aid in Rwanda

OW2707095294 Tokyo KYODO in English 0937 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—The Japanese Red Cross Society on Wednesday [26 July] pledged 19.8 million yen in emergency aid for refugees who have fled civil war in Rwanda.

Some 1.8 million people have flooded into neighboring Zaire and Tanzania. The money is earmarked for the purchase of medical supplies and food, and their transport.

The society also said in response to requests from the International Federation of Red Cross and Red Crescent societies, it will dispatch three people experienced in nursing and midwifery to Tanzania.

'True Character' of Kim Il-song, Son Noted

OW2707020894 Tokyo BUNGEI SHUNJU in Japanese Aug 94 pp 94-103

[Article by Ko Yong-hwan, former DPRK diplomat who defected: "Specially Attached Interpreter Who Defected Discloses the True Character of Kim Il-song and His Son"]

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[Text] People may have seen time and again on the television news Kim Il-song welcoming foreign VIP's. Beaming with delight, Kim Il-song would extend his right hand for a handshake. Then he hugs the guest with his left arm around the guest's shoulder to show his affection. At that very moment, have you ever seen him abruptly pull his right hand behind him after the handshake?

I suppose that nobody has ever seen that an aide would thoroughly wipe Kim Il-song's drawn-back right hand with paper towels moistened with alcohol. While this could be seen by North Korean interpreters or aides standing behind him, the foreign dignitaries facing him could not see what was happening. This was indeed a very impolite way to welcome state guests, but as I will explain later, Kim Il-song's fear of sickness and desire for good health are so weird, as in this example.

As one of the interpreters specially attached to him, I had several opportunities to personally observe Kim Il-song as he is. I was born in Kanggye city in Chagang-do in 1953, and I studied French for seven years in the French language program of the Pyongyang Revolutionary Institute of Foreign Languages starting in 1965. This was followed by five more years of study at the French literature department of the Foreign Language College in Pyongyang.

In December 1978, I was employed by the DPRK Foreign Ministry and promoted to be the chief of the Fourth Section of the Sixth Bureau of the Foreign Ministry in 1986. The Sixth Bureau was in charge of East Africa, and as the Fourth Section chief I dealt with Central African affairs. Many of the nations with which the DPRK is friendly are African countries, and most of them use French as their official language. From February 1985 to October 1988, I frequently handled interpretation work in French in connection with activities related to Kim Il-song.

Meeting with Kim Il-song and conversing directly with him, although as an interpreter, is the highest honor for the North Korean people, and I experienced that honor more than 20 times.

It was around April 1985 when I was given my first opportunity to interpret for him. Because of various strict admonitions concerning absolute no's and prohibited words, I was experiencing the height of tension.

That day's interpretation lasted such a short period of time—about five minutes, and the conversation was such simple phrases as "Today is a fine day" or "Did you have a good sleep last night?" Ordinarily, these things can be said easily and fluently, but I could not. Because I was experiencing the height of tension, I could feel my heart palpitating violently, and it felt as if my heart had stopped beating for several seconds. My throat dried up, and my dry tongue was stuck to the roof of my mouth. Kim Il-song's chief aide-de-camp whispered into my ear "You do not have to worry," but I could not relax.

When I finished my interpretation work, I was completely depressed. "This is the end of my life. I will be dismissed," I thought.

But the aide gave me an unexpected appraisal: "For your first time, this was excellent. Certain interpreters could not utter even a word, and the great leader finally ordered them to be replaced."

I was quite relieved, and at the same time I was reminded once again how great the authority of Kim Il-song was.

Section Called Special Quarters

To be selected as a specially attached interpreter is an extraordinary honor, and the people so selected are called "No. 1 function personnel." In addition to interpreting in talks with top-level foreign dignitaries, they accompany Kim Il-song as interpreters when Kim makes protocol visits. At times, they dine or see movies with him. I had an opportunity to go aboard the boat Chungsong, which former U.S. President Jimmy Carter was invited to board with Kim Il-song when the former visited the DPRK the other day.

In selecting No. 1 function personnel, not only their linguistic ability but also the "loyalty" of generations of their forefathers are investigated in detail. Strict checks are carried out on their health, and after a strict screening by cadres of the party security department, the party Central Committee, and the international department, they are then interviewed.

The No. 1 function personnel often receive special treatment—receiving gifts from Kim Il-song on days such as New Year's Day. I was presented with a trunk full of white shirts, suits, neckties, and pairs of socks. At one time I even received a box of Japanese mandarin oranges. Japanese oranges were such a rarity in the DPRK that I would guess that no more than 5,000 people have access to such fruit.

Through listening to many other interpreters, I could build up an accurate picture of Kim Il-song, and at the same time I also heard an amount of gossip about him. I said that Kim Il-song was odd about taking care of his health, and this is probably symbolized in a section called the "special quarters" in the hospital called the Bong-hwa Clinic. The special quarters is the facility that takes care of only three families: Kim Il-song and his family; Kim Chong- il and his family; and Chang Song-taek, who is Kim Chong-il's brother-in-law, and Chang's family.

I heard personally from the first deputy director of the Bong-hwa Clinic that doctors of the special quarters go twice a week to the Red Cross General Hospital in Pyongyang to carry out "living body tests."

At the Red Cross General Hospital there are such sections as "circulatory organs" and "digestive organs," and in these sections are gathered people from all over

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the DPRK to be tested. They are divided into two groups of 10 to 20 people. One group consists of aged people who are 70 to 80 years old, and they are almost identical to Kim Il-song in terms of their age and physical constitution. Another is a group of men in their forties and fifties, and they have physiques similar to that of Kim Chong-il.

The DPRK imports a large quantity of foreign medicines, mainly from such pharmaceutical firms as Bayer of Germany and Roche of Switzerland. These imported medicines are not administered directly to Kim Il-song and his son, but they are given for six months to those who resemble the father and son for test purposes. The medicines thus determined to be conspicuously effective are administered to the father and the son.

In short, these groups of people being tested are the groups for "living body tests." The first deputy director of the Bong-hwa clinic, who is charged with observing the effectiveness of medicines, also carries the title of deputy director in charge of medicines for Kim Il-song and Kim Chong-il.

Probably in November of 1988, I asked the first deputy director, "We usually get a blood test about twice a year. How do you carry out a medical checkup on the great leader (Kim Il-song)?"

Having first made me promise that I would not repeat it to anyone else, he explained the process: "In the case of the great leader, we take samplings of his first urine and excrement after he gets up. Urine is automatically extracted by a certain instrument, and it is checked in detail concerning its quantities of calcium, urea, and so on. Examinations are carried out as to how to compound the medicine and how to season the food. The menu everyday is prepared thus."

This is not limited to the special quarters. A multitude of people are being exploited in order to make the man in power, Kim Il-song, live longer. For example, 2,000 laboratory workers are at work at a facility called the "Longevity Institute," which carries out studies on longevity for Kim Il-song. I learned the number of people working at the institute directly from a young lady employed there.

After graduating from the biology department of the Kim Il-song University, that woman went to work at the institute. According to her, many specialists in chemistry, biology, sanitation, and nutrition are carrying out comprehensive studies on the effects that foods have on the human body. Many men of ability are devoting their lives to just one man in power, Kim Il-song.

Denying the Existence of a Single Political Prisoner

Through repeated contacts as a French language interpreter, I began to entertain doubts about Kim Il-song. One of the most notable instances took place about 1986, when several socialist legislators from European countries came to visit North Korea.

I was taking part in the meeting not as an interpreter but rather as a stenographer, and I am certain that it was a Belgian socialist lawmaker who asked this question: "I am informed that your country has many political prisoners and many concentration camps for political prisoners. Please tell us about the real situation."

Kim Il-song replied: "In our country, the people, not I, are the masters of the country. How can the people, who are the masters, put handcuffs on the people, who are the masters of the country? They cannot do so. The people cannot regulate the people."

The interpreter carried out a verbatim translation of what Kim Il-song had said, and the socialist legislators, bearing perplexed expressions that indicated they did not understand what had been said, looked back at the interpreter several times. Without hesitation, Kim Il-song added: "Not a single political prisoner exists in our country, where the people are the masters. And, there is no reason why there should be."

I was shocked at these remarks. This is because several days before this meeting, there had occurred incidents involving two Foreign Ministry officials who had disappeared. There were rampant rumors that they had made slips of the tongue, had been arrested by state security police, and had been sent to camps for political prisoners.

On the contrary, everybody in the Foreign Ministry knew that there are about 10 concentration camps for political prisoners across the country. The leader told this lie with composure. I felt disappointment about the leader, with my trust collapsing in one breath.

After the meeting, the legislators from European parliaments barraged me with questions. They demanded that I translate again what the president had said, because they had not been able to understand the remarks. When I answered that the interpreter had correctly translated the president's remarks, the legislators, bearing puzzled expressions on their faces, then asked themselves whether "something is wrong with my French."

I cannot forget what happened at the entertainment gathering held at the Supreme Congress building on 15 April 1985. It all started with the smoking at the gathering by several cadres. For men like myself in insignificant positions, it is unthinkable to smoke. The smokers included people of ministerial rank, headed by Vice President Pak Song-chol.

At 2300, an alarm was sounded for an emergency summons. All those who were attending the function were ordered to assemble at the International Department meeting hall in the congress building. When all were on hand, the aide in charge asked loudly: "Who was smoking? President Kim Il-song feels badly because of it."

The names of high-ranking people such as the minister of machine building industry, the minister of foreign cultural relations [title as published], and so on were read

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out, and they were ordered to write and submit a self-criticism essay. At long last, Vice President Pak was forced to write a self-criticism essay.

Inquiries into the matter lasted until 0130, and I felt a great deal of disappointment on my way home. Had not Vice President Pak Song-chol been a long-time friend of Kim Il-song since the time of the anti-Japanese guerrilla activities? What is the purpose of demanding that he write a self-criticism essay? I hardly could understand Kim Il-song's true intention.

Then I thought of the gorgeous food on display at the function. The North Korean people are suffering from a shortage of food, but a small number of cadres, including Kim Il-song, are leading the most luxurious life possible. Are they really aware of the hardships that the people are suffering? These questions bothered me very much.

Since December 1978, when I started to work for the Foreign Ministry, I spent eight months in Switzerland as a third secretary, and four and a half years in Zaire in the same position. Upon completing my assignment as an interpreter for Kim Il-song, I worked as a first secretary for about three years in Zaire and Congo. Until I sought asylum in the ROK on 2 May 1991, I visited about 70 countries as a diplomat.

In the Middle East and Africa, I had the opportunity to meet the heads of state of many countries. The Guinean president went barefoot and drove his own car. The presidents of Burkina Faso and Zimbabwe really lead simply.

In comparison, how does Kim Il-song live? In the DPRK, which is proud of being a model socialist nation, President Kim Il-song must set an example to the people. Questions continued to grow in my mind.

Those who know the reality of Kim Il-song might then ask why Japanese Deputy Prime Minister Shin Kanemaru and former U.S. President Jimmy Carter became fascinated by Kim Il-song immediately after meeting with him.

Both Kanemaru and Carter were deceived by a big performance given by Kim Il-song and his subordinates. For Kim Il-song, who has played all kinds of tricks for almost 50 years, those were as easy as twisting a baby's arm.

Interview Reference Materials for "Kim Il-song's Events"

When the DPRK greets important dignitaries such has Kanemaru and former President Carter, all people are notified of "Kim Il-song's events." Notices instruct the people in detail on such things as that soldiers in Pyongyang should not wear their uniforms while entering and exiting the Ministry of People's Armed Forces (defense ministry) for what period of time, and they thoroughly instruct the people to treat the guests and their delegation members well.

In short, a complete and thorough preliminary scenario is drafted for welcoming guests. Thus, citizens of Pyongyang, to their suffering, have to do as the scenario directs.

Until late in the evening every day, they have to wipe their residential windows so that they are bright and clean, and they must use water to keep the road in front of their home clean. When the dignitaries arrive, they are obliged to put on their best clothing, to line the streets, and to wave at the visitors.

In fact, Kim Il-song is the chief of casting and the main director of a gigantic fictional drama performed by the North Korean people. These dignitaries cannot comprehend this.

When "Kim Il-song's events" approach, Foreign Ministry staff have to stay up all night to carry out all kinds of preparations. They have to collect all information possible about the guests: what food they like most, what brand of cigarettes they prefer, the composition of their families, what kind of illnesses they have had, whether all of their teeth are alright, and whether they have ever undergone a general medical checkup.

Using this thorough data, "interview materials" are completed and are submitted to the addressee written on their covers: "To Your Excellency the Great Leader"—Kim Il-song. Kim Il-song sits at his table with all of this information about his guest at hand: from such things as does he have family troubles and how many bad teeth does he have to the brand of wine that he likes best. Thus, Kim Il-song is in an advantageous position from the start.

Once a Malagasy president visited the DPRK with 30 of his relatives. At the start of the visit, Kim Il-song ordered that all the relatives receive a week-long medical examination at a hospital. He said: If they have any illnesses, they should recover from them while they are in North Korea. He also said that he would provide them with Korean jinseng and deer antlers, which are good for their health.

Guests are deeply moved by having received such kindness. I have seen such people crying while exclaiming, "What a great man!"

In the cases of Kanemaru and former President Carter, the situations were probably the same. I had a good laugh when I read newspaper reports on Carter's visit to North Korea.

When Carter held talks with Kim Il-song, Carter asked the DPRK to make efforts to resolve the issue of those missing in action [during the Korean war]. Kim Il-song replied, expressed some reservations, but said that from this point forward the matter could now receive attention. At that very moment, Kim Song-ae, the wife of Kim Il-song, entered the room and said, "Please do your best to resolve the problem." Kim Il-song was reported to have become enthusiastic and said, "All right, let us set

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up a joint DPRK-U.S. investigating team." Newspapers quoted Carter as having said of the suggestion that "This was a wonderful moment," and I had a good laugh upon reading this.

Kim Song-ae, who hides behind Kim Il-song, has no authority over anything, and she is not in a position to suggest anything about the MIA issue. In fact, this was all scripted to present the image of Kim Il-song and Kim Song-ae being a contented man and wife. The former U.S. president was thus tricked into believing the big performance.

With the powerful authority of Kim Il-song as his background, his son Kim Chong-il has been lording it over others. "Tales" have it that Kim Chong-il is fond of movies, is a heavy drinker, and likes to fool around with women, and so on. I have personally seen Kim Chong-il's misdemeanors many times. In my opinion, his character is demonstrated by his attitude when he comes into the VIP room where all party cadres are lined up.

Kim Chong-Il at all times wear a jumper jacket with his hands in pockets. As he enters the room, the vice president and members of the party political committee stand up and bow deeply. Kim Chong-il assumes an arrogant and haughty attitude, looks around the room, and walks past the high-level cadres. He does not respond when cadres call out, "Comrade Dear Leader," and he exits looking back at them.

Contrarily, Kim Il-song would speak to the vice president, "Is your health all right?" Sometimes he would speak to us and say, "Thanks for your hard work." But, when Kim Chong-il comes into the room, men in low positions like myself become so nervous that we cannot breathe. He is so arrogant and so cold that we feel chilled. That is the real Kim Chong-il.

There are numerous incidents involving Kim Chong-il, and all of them are unpleasant memories.

One was when I was in Moscow on an official visit in July 1990. Following the unexpected appearance of a second secretary attached to the DPRK Embassy in Portugal, I asked him why he was in Moscow. He replied that he was in the middle of transporting oranges to Pyongyang.

I had heard that the Mediterranean region produces oval oranges with a calyx shaped like human navel—navel oranges. Kim Chong-il is very fond of these, and he order that some be brought to Pyongyang in a hurry. In order to transport 200 kg of navel oranges from Portugal to Pyongyang, a special aircraft used exclusively by Kim Il-song and Kim Chong-il was dispatched. The plane, which can carry 300 people, flew from Pyongyang, to Moscow, to Portugal, back to Moscow, and then to Pyongyang.

Surprised, I asked, "Are you flying back carrying only oranges?" He retorted: "What do you mean by 'only oranges?' They are going to the dear leader." According to this second secretary, a one-way flight cost $280,000, including refueling and service charges at an airport in Portugal. I then asked, "Then how much did 200 kg of oranges cost?" "From $10,000 to $20,000" was the answer. In short, $20,000 worth of oranges were being flown for a transportation cost of nearly $600,000.

Kim Chong-il's cult of foreign goods is so complete that wines should be from France and fruit from the Mediterranean. On the other hand, his father Kim Il-song usually consumes domestically produced goods. Most of his daily necessities such as drinking water, liquor, or fish are produced in North Korea.

It sounds fine that one likes to consume domestic goods, but it is forcing the people to endure great hardship. There are workshops throughout the DPRK called "No. 9 workshops" which are in charge of the foods that Kim Il-song eats.

I had a chance to visit the No. 9 workshop in Kaesong city that grows special peaches for Kim Il-song. He eats only peaches grown in Kaesong. According to workers there, "peach trees for Kim Il-song" are grown by using sugar water to water them, so that the peaches contain the sweetness preferred by Kim Il-song.

No chemical fertilizer is used on the trees, and the surrounding trees are given absolutely no chemical fertilizer or insecticides. This is to prevent the chemicals from being carried by the wind and from sticking to "Kim Il-song's peach trees." A worker is assigned to each tree, and he picks off harmful insects one by one by hand. In this respect, Kim Il-song is as extravagant as is his son, but his close attendants do not hesitate to praise the father, saying "The great leader eats the produce of North Korea, and the father is more patriotic than is his son."

Girls of the "Pleasure-Giving Team"

I had the experience of serving as a policy-making assistant to Kim Chong-il at the Foreign Ministry. What is unforgettable is 1 May 1988, when I came to realize from the depths of my mind the strangeness of this man.

On that day, a DPRK diplomat by the name of Kim Chong-min sought asylum in the ROK while he was serving his tour in Zaire. The ROK's MBC TV reported the news in its noon newscast. The DPRK Foreign Ministry staff were summoned immediately and were ordered to check on and report to Kim Chong-il the personal data concerning Kim Chong-min.

What mattered most was how Kim Chong-min, a merchant, came to possess a diplomat passport. Kim Chong-il was furious that he had disgraced the nation, the party, and its diplomats.

Despite desperate consultations with the public security chief of the party Central Committee and others, the channel through which the defector had obtained the passport was not traced. At around 1030 on 2 May,

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several cadres at a meeting received a call through the telephone used exclusively used by the government. The operator said, "The comrade dear leader is on the line." This meant that the call was from Kim Chong-il.

The vice foreign minister brought himself to attention and took the receiver with both hands. At that instant, he threw his head back, keeping the receiver away from the ear. I heard a frightful roar in anger from that receiver, even though I sat about three meters away across the big table: "Everyone on the Foreign Ministry staff is a fool."

The vice foreign minister, bowing many times toward the receiver, said, "I cannot help but receive 1,000 and 10,000 punishments." Kim Chong-il's roar of anger overwhelmed the vice minister's apology. With a surprise, I realized this man's queer character.

The DPRK launched a big event on 9 September 1988, on the 40th anniversary of the nation's founding. Once more I experienced the strangeness of Kim Chong-il.

It happened on 8 September. In the People's Culture Palace was established an organization called the National Event Preparatory Committee on the Nine-Nine Celebration [national foundation day]. I was mobilized there as a member of the foreign cultural committee. When I showed up at the People's Cultural Palace, those on hand ordered me to keep silent, and they carried on their talk in a hushed tone. They explained that the reason for this was because the man responsible for the propaganda subcommittee had been hospitalized because of a medical emergency.

His hospitalization was due to the lack of progress in the preparations for a 1,000,000-man demonstration on the occasion of the Nine-Nine Celebration under the auspices of the propaganda division. "The comrade dear leader called the man in charge of the propaganda subcommittee on the phone at 0200 and gave him a strict cross-examination. The man fainted and was hospitalized because his heart temporarily stopped due to the threatening words of the dear leader."

Hearing this, I remembered the case of the vice foreign minister four months before.

On 6 or 7 July of the same year, another symbolic happening took place. On that day, I went to the DPRK Embassy in Moscow to see the minister and the councillor, without avail. I was told that they had gone to Moscow airport to welcome "special guests."

Those special guests were 12 girls ranging from age 19 to 21 who belong to the "pleasure-giving team." Those girls are selected to provide Kim Chong-il with various kinds of pleasure. Kim Chong-il had instructed the embassy in Moscow the previous day to accord these girls the best treatment while they were on a sightseeing tour of Moscow. At that time, the DPRK Embassy in Moscow had a staff of more than 150 diplomats. High-ranking diplomats including the ambassador and the minister went to the airport to welcome the girls.

At around 2300, the minister and others came back in an angry mood. According to them, the girls were taken to a hotel for a little rest before the ambassador threw a party for them. At a superdeluxe restaurant where the former Soviet Communist Party Politburo members used to dine, those girls were treated to caviar and French wine. They dared to say, "Do you want us to eat this kind of stuff?"

Even ambassadors and high-ranking diplomats who are between 40 and 50 years old scarcely get to eat such delicious meals—maybe once or twice a year. And yet girls as young as their daughters insulted them in such a way, so they cannot help but get angry.

How unhappy they felt, but they could not protest because Kim Chong-il would surely be informed of this. Finally, these girls commented that "the quality of the Moscow embassy is so low," and the diplomats one by one disappeared from the scene using excuses such as, "Please pardon me for a cigarette outside." It is said that two people, the ambassador and the [local] party secretary, had to stay until the end of the feast.

"Damn it!" "I wish I could kill them!" The diplomats shouted these angrily. I consoled them with these words: "You endured it well. If you uttered even one slanderous word, you would be informed on to the dear leader, and you would end up in the coal mines." Their shouts of anger immediately turned to sighs of despair.

The Final Successor Is Nobody Else But Kim Chong-il

Let me add a story I heard from a third secretary stationed in a certain foreign country. His father is one of Kim Chong-il's closest associates. In 1988, that third secretary said to me very happily, "Comrade section chief, let me buy you a drink. I got $100 from my father-in-law." "One hundred dollars?" To my surprised response, he explained in low voice, "There was an event last night, as a matter of fact." "An event" means a drinking gathering of Kim Chong-il and his closest associates. "As usual, the comrade dear leader gave the money to my father-in-law. When the drunken dear leader clapped his hands, his aide came in with a silver tray which was loaded with brand-new $100 bills. The comrade dear leader randomly picks up the $100 bills, then calls out, 'So and so, come here,' and hands them the money. 'The next is so and so!' 'So and so, come here to pick it up.' That is the way he lavishes money on his associates."

Because he is drunk when he picks up the money, the amounts that his associates receive differ person by person; some get $2,000, while others get $1,000. "My father-in-law was lucky last night because he got $2,200. So, when I was leaving home for work this morning, he gave me $100 and said I can use it for anything."

So far I have criticized the deeds of Kim Chong-il more than adequately. What matters is the North Korean reality, in which there is no other choice but to choose

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this kind of man as the successor to Kim Il-song. There is absolutely no force that can replace Kim Chong-il.

Some see the possibility of a replacement in Kim Yong-chu, the younger brother of Kim Il-song, or Kim Chong-il's half-brother Kim Pyong-il. However, these are nothing but the claims of those who have little knowledge of the real situation in the DPRK. It is natural for Kim Chong-il to sit in the successor's chair, and in fact it will be so.

Therefore, it is probably impossible to reform or liberalize the Kim Il-song dynasty in the future. If there is to be liberalization, it is going to be a partial one—something like in such a thoroughly closed-off minority area as the Tumen River development area. There cannot be all-out liberalization.

In my opinion, when the DPRK collapses, it will follow the example of Romania. Because of economic distress, the people will rise up and cause the fall of the dictator by themselves.

As everybody points out, the DPRK economy is in such a desperate state that it cannot be restored. As some DPRK officials have said, its economy might have recovered if the joint venture law of 1984 had been totally enforced. But now the situation has crossed the Rubicon—in other words, it has passed into a state from which it cannot recover.

Because of this, the DPRK cannot throw its doors open. The only time the DPRK people became enthusiastic was when former Deputy Prime Minister Kanemaru visited North Korea and the hope for the normalization of relations grew. At the time, they expected that normalization would bring in $10 billion, making their lives far more affluent than they were at the time. But that dream was shattered.

The DPRK's economy is getting worse, and people's discontent is increasing day by day. The DPRK is certainly heading in the direction that will bring the situation that Romania underwent. There is no other road except for the Kim dynasty to fall.

DA Cautious About DPRK Defector's Information

OW2707113894 Tokyo KYODO in English 1126 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—The Defense Agency [DA] reacted cautiously Wednesday [27 July] to a North Korean defector's claim that the country has five nuclear bombs, taking the surprising revelation with a grain of salt.

Kang Myong-to, a son-in-law of North Korea's premier, who defected to South Korea in late May, said in Seoul the same day that North Korea has already developed five atomic bombs.

The agency, while arguing the remarks will give some weight to its assessment that North Korea is fully capable of producing atomic bombs, cautioned against embracing the account without reserve. "It is dangerous to give full credence to the remarks," one agency official said.

Defense officials, who had believed Pyongyang to have one or two nuclear bombs, were taken aback by Kang's remarks. Since the information they have obtained so far shows North Korea cannot have acquired enough plutonium to produce as many as five atom bombs, they are speculating the country may have imported the fuel or the country's nuclear facilities may be much larger than generally believed. With no way of confirming the information and its source being unclear, "we cannot say definitely that North Korea now has five nuclear bombs," an agency official said.

Some officials voiced doubts over whether Kang, a former executive of a trading house affiliated with the presidential palace, was in a position to know the country's top secrets. "We can even theorize that North Korea is trying to get the upper hand in negotiations over the issue by making the man say it has nuclear bombs," an official said.

Clear Tokyo-Seoul Policies Toward DPRK Urged

OW2607004094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jul 94 Morning Edition p 2

[Editorial: "Japan, ROK Need to Have Clear Policies Toward DPRK"]

[Text] Prime Minister Murayama's visit to South Korea is important from two aspects. First, attention is focused on how Japan and South Korea will deal with a North Korea led by Kim Chong-il. The other is that Prime Minister Murayama is a member of the Social Democratic Party of Japan [SDPJ], which has not always had good relations with South Korea.

It seems that Prime Minister Murayama and President Kim Yong-sam will exchange opinions on North Korea's new establishment led by Kim Chong-il, and this will be focus of their talks. It is expected that the two leaders will confirm a stand of seeking the settlement of the suspected nuclear issue through dialogue. When the circumstances of this issue is considered, they should not merely exchange optimistic views hoping for North Korea's good faith. Although it is not wise to unnecessarily incite North Korea, it is hoped that the two leaders, with the aim of having North Korea sweep away the suspicion, will confirm a stand of not taking a concessive approach in solving the issue.

To peacefully settle the issue, it is extremely important for the international community to indicate strong intentions to denuclearize the Korean peninsula. Particularly, close cooperation among Japan, the United States, and South Korea is indispensable for the international community's dispatch of the message. It is said that the SDPJ still has a strong diplomatic channel to North Korea.

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However, if Japan takes an uncertain attitude toward North Korea, it will be difficult to settle the issue.

The SDPJ established its relationship with South Korea when (then) Chairman Yamahana visited South Korea last September for the first time as incumbent party chairman. Thus, its relations with South Korea are new. In the past, the SDPJ, when mentioning South Korea in its intraparty documents, inscribed South Korea's name in parentheses. This reflects the party's stand of not recognizing South Korea as a nation. Therefore, South Korea's uneasy feeling toward the SDPJ will not be erased unless the prime minister indicates clear recognition of South Korea. This is important for the party in view of promoting relations with South Korea.

At a news conference held when former SDPJ Chairman Yamahana visited South Korea, questions reflecting South Korea's dissatisfactions with the SDPJ position were raised. Meanwhile, South Korean Government sources expressed dissatisfaction with the fact that Mr. Yamahana did not visit Panmunjom. Although the itinerary for Prime Minister Murayama's visit to South Korea does not include a visit to Panmunjom, we think the prime minister should visit there so that he could grasp the actual situation facing South Korea. We do not think a visit to Panmunjom would provoke North Korea.

Between Japan and South Korea, there are various issues resulting from the past war, including the comfort women issue. So far, the SDPJ has relatively eagerly come to grips with the comfort women issue. However, judging from recent Japan-ROK relations, we see a growing atmosphere of placing emphasis on the future of bilateral relations while settling past issues.

It can be said that a visit to South Korea by a Japanese prime minister who is the SDPJ chairman itself is historic. To make it more meaningful, the two leaders should indicate the determination to create future-oriented bilateral relations. For that purpose, it is necessary to confirm that the two countries will make efforts to settle the immediate issue of North Korea's suspected development of nuclear weapons.

Death of Kim Prompts DA To Review Defense Plan

OW2607140094 Tokyo MAINICHI SHIMBUN in Japanese 25 Jul 94 Morning Edition p 3

[Text] It came to light on 24 July that the Defense Agency [DA] has started reviewing its "annual defense and guarding plan" following the death of North Korean President Kim Il-song. Judging that the North Korean situation is fluid under Kim Chong-il, the DA is reviewing the plan with emphasis on the possibility of adopting measures to deal with fugitive military personnel.

The plan can be called an "operations manual" and describes measures to deal with every conceivable event that might occur in the countries surrounding Japan. Only a limited number of senior officials at the DA know the details of the plan.

The plan for fiscal 1994 was worked out in April. However, as the situation has changed following the death of North Korean President Kim Il-song, the Ground, Maritime, and Air Self-Defense Forces have started reviewing their own annual defense plans. According a senior official of the DA, in the case of North Korea, attention needs to be paid to a possible rebellion within the military rather than strife near the border area. The official said the DA officials share the view that "there is a growing possibility that many soldiers will seek refuge in Japan."

In previous plans, measures to deal with 1) fugitives; 2) a large number of refugees; and 3) drifting sea mines were included. These plans predicted that in general refugees would flow into China and Russia, though pointing out the possibility that some would be washed ashore along the Japan Sea coast.

A senior DA official said that following the death of President Kim Il-song in North Korea, "there is the possibility that military personnel will use fighter planes and warships or submarines when seeking refuge. This is a very difficult problem, and it is necessary to ponder a plan to deal with it."

Lower Growth Rate Hinted for Defense Budget

OW2707075094 Tokyo KYODO in English 0737 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—Prime Minister Tomiichi Murayama on Wednesday [27 July] indicated the rate of increase in the defense budget for fiscal 1995, beginning next April, will be held down to less than 0.9 percent despite a call for a 2.8 percent increase from the defense agency, government officials said.

The socialist premier indicated this in a meeting with Tokuichiro Tamazawa, director general of the Defense Agency, two days before Murayama's cabinet is to make a formal decision on the growth limit in the next fiscal year's budget.

The ceiling on defense budget requests for the current fiscal year was set at a 1.95 percent increase last August, the lowest since the ceiling system was launched in fiscal 1961, but was actually trimmed to a 0.9 percent expansion in the original budget.

Tamazawa, a cabinet member from the Liberal Democratic Party (LDP), asked Murayama to allow defense spending to grow by 2.8 percent from this year's initial budget, the officials said.

He told the prime minister that a growth pace of "at least 2.8 percent" is needed to finance the "burden-sharing costs" of maintaining U.S. Armed Forces in Japan, along with Self-Defense Forces (SDF) expenses.

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But Murayama, who stated in a Diet speech last week that the SDF do not violate the constitution, hinted at curbs in defense spending, noting the need to recognize the reality of ongoing disarmament following the end of the Cold War, the officials said.

Chief Cabinet Secretary Kozo Igarashi, who is also a member of Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ], urged Tamazawa to accept the stance, the officials said.

At a party convention early in September, the SDP is expected to formally abandon its long-held tenet that the SDF violates Article 9 of the constitution which renounces war and the threat or use of force as a means to settle international disputes.

Takemura Seeks Maximum Cut in Defense Spending

OW2707095894 Tokyo KYODO in English 0940 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—The government should curb the growth of the defense budget for Fiscal 1995 "as much as possible," Finance Minister Masayoshi Takemura said Wednesday.

A ceiling on defense budget requests for the year from April 1995 should be set with consideration given to the global trend toward disarmament, Takemura told a news conference. Takemura, however, refrained from disclosing a growth figure, saying the government is now working on specifics. A ceiling on defense outlays should be decided in a manner that will not affect the morale of Self-Defense Forces (SDF) personnel, Takemura added.

For fiscal 1993, the defense budget ceiling was set at 1.95 percent and the actual growth approved in the original budget for the year was 0.9 percent, the lowest increase in history, reflecting the end of the Cold War structure.

Chief Cabinet Secretary Kozo Igarashi earlier indicated defense spending growth for next year should be less than 0.9 percent. The cabinet will endorse ceilings on fiscal 1995 budget requests Friday, and requests by each ministry and agency will be closed at the end of August.

Takemura brought up renewed concern over the strong yen's negative impact on the economy. He said he is pleased to see bright signs emerging in various parts of Japan's economy. But he warned against optimism, citing the unabated strength in the yen's value against the dollar. "The government will do its utmost so that the economy can gather further upward momentum toward this fall," he said.

ASDF May 'Fully' Automate Radar Warning System

OW2507125294 Tokyo KYODO in English 1154 GMT 25 Jul 94

[Text] Tokyo, July 25 KYODO—The Air Self-Defense Force (ASDF) is studying the possibility of cutting 2,000 to 3,000 jobs at 28 radar stations across the country through fully automatizing Japan's radar warning system, defense sources said Monday.

The ASDF projected the personnel cuts based on proposals for a new post-Cold War defense outline, including improved early radar warning, made by a private advisory body to the prime minister in this month, the sources said.

The ASDF opposes reducing the number of aircraft including fighter planes, now at some 410, to achieve the desired cut in personnel, although reducing staff at radar stations could be counterbalanced by introducing airborne warning and control system (AWACS) aircraft, the sources said.

At present, some 150 to 200 ASDF officers work at each radar station. Information is gathered by local strategic commands, and in case of alert, such as the approach of an unidentified aircraft, the strategic commands give the order for ASDF pilots to "scramble," or take off quickly.

The sources said it is possible to fully automatize radar warning if the stations have reserve computers linked with the local strategic commands.

The stations could then be operated without on-site staff, and occasional checks by patrol officers would be sufficient.

The sources said local communities may protest against the withdrawal of defense personnel, who contribute to the local economy.

More Reports Related to SDPJ, Party Policy

Ozawa on Murayama

OW2707063194 Tokyo KYODO in English 0555 GMT 27 Jul 94

[Text] Washington, July 27 KYODO—Japanese opposition leader Ichiro Ozawa on Tuesday [27 July] questioned the ability of the cabinet of Prime Minister Tomiichi Murayama to handle a crisis over North Korea's alleged development of nuclear arms, Japanese officials said.

Ozawa, who was the chief strategist of the former ruling coalition led first by Morihiro Hosokawa and then by Tsutomu Hata, voiced the doubt in a two-hour meeting with former U.S. President George Bush at his cottage in Kennebunkport, Maine.

Ozawa was quoted as telling Bush, "I question whether the murayama administration could counteract a possible contingency, as the Social Democratic Party (SDP) has maintained close ties with North Korea." Murayama leads the SDP.

Ozawa told Bush the SDP had to recognize the constitutionality of the self-defense forces in order to cling to power.

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Ozawa was also quoted as telling Bush the Murayama cabinet is plagued by the mentality that Japan is allowed to enjoy peace without contributing its troops as UN peacekeepers for conflict-ridden foreign areas.

"Unless Japan changes its thinking concerning security problems, it will not be able to resolve the problems," Ozawa was quoted as saying.

Bush told Ozawa that Japan-U.S. relations may not get better unless Japan takes actions to improve them.

Ozawa told Bush that no one in Japan believes the Murayama cabinet will last long.

Ozawa is secretary general of Shinseito, a splinter group of the Liberal Democratic Party. He left Tokyo on Sunday for a week of talks with U.S. Government officials and political leaders.

He will give a speech at National Press Club in Washington on Thursday.

Approving Nuclear Energy

OW2607123094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Jul 94 Morning Edition p 1

[Text] The Social Democratic Party of Japan [SDPJ] has decided to declare the revision of its policy on nuclear power plants. While the party currently adopts an ambiguous stance in order to "deal with the issue with an eye on" reality, it intends to clearly approve of nuclear power plants. In preparation for the extraordinary party convention on 3 September, the SDPJ has begun studying a tangible plan to incorporate the policy revision in the party's action plan. The SDPJ leadership judged that, for the time being, the party should acknowledge nuclear power as an energy resource because a considerable part of the nation's electricity demands are satisfied by nuclear-power generation and thus, the people depend largely on nuclear power plants. To cope with SDPJ members' deep-rooted opposition to the use of nuclear energy, the party intends to urge the government to slow down construction of new nuclear power plants, and to accelerate development of alternative energy resources. The SDPJ recently hammered out a plan to acknowledge the constitutionality of the Self-Defense Forces, and to firmly maintain the Japan-U.S. Security Treaty. A series of SDPJ fundamental policy reviews will be completed when the nuclear energy policy is revised.

To update the SDPJ policy on nuclear energy, the Party Reform Committee worked out a draft report which says: "The SDPJ should deal with the nuclear energy issue with an eye on the fact that this energy makes certain contributions to economic and industrial policies as one of the nation's energy resources." However, the report does not refer to whether the SDPJ approves of nuclear power plants in operation. During the SDPJ convention in July 1991, a report was adopted after adding a clause opposing construction of further plants. However, Prime Minister Tomiichi Murayama (concurrently chairman of the SDPJ) has recently expressed his stance of virtually approving the use of nuclear energy. He said: "Taking into consideration consumer demands for electricity, we should inevitably have certain facilities. We have to deal with issues in consideration of actual consumer demands." A senior SDPJ official also noted the party should approve of nuclear energy as long as construction of new power plants is limited, saying: "Apart from our policy on new nuclear power plants, we cannot run the nation if we refuse to allow power plants to operate."

Yet, many local SDPJ members and supporters, especially in regions where nuclear-power plants are located, have been promoting anti-nuclear energy campaigns, and they are very likely to react strongly to the decision by SDPJ executives. Even at SDPJ headquarters, some senior officials may criticize the decision, saying: "The decision goes against global trends since the Chernobyl incident."

Party Backs Murayama's Policy

OW2607160394 Tokyo KYODO in English 1519 GMT 26 Jul 94

[Text] Tokyo, July 26 KYODO—The Social Democratic Party's (SDP) [of Japan—SDPJ] new policy outlines will endorse Prime Minister Tomiichi Murayama's recent remarks accepting Japan's Self-Defense Forces (SDF), nuclear power plants, and "Kimigayo" the de fact national anthem in an abrupt reversal of the party's longstanding policies, party sources said Tuesday [26 July].

The SDP's draft revision of key policies says the SDF are within the bounds of the Constitution and the party will endorse nuclear power until a stable supply of alternative energy sources is secured, the sources said.

The revised policy platform, to be submitted to a party congress in September, also says Japan's national flag (hinomaru) and the de fact national anthem are well established, but adds they should not be forced on the people, the sources said.

The policy outlines, however, add that the spirit of the Constitution calls on Japan to give up arms, they said.

The SDP's policy revisions mark the party's official endorsement of its Chairman Murayama's recent remarks that he views the SDF as constitutional and new nuclear power plants may be necessary to secure stable supplies of energy.

The remarks were a surprise change of policy for the party, which had long argued that the SDF violates the Constitution and was strongly opposed to the construction of new nuclear plants.

The SDP was also critical of the Kimigayo, which eulogizes the emperor, arguing it is a remnant of the military rule before and during World War II and is undemocratic.

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* Murayama on Politics, Tax

942B0134A Tokyo SEIKAI in Japanese Jul 94 pp 30-35

[Interview with SDPJ Chairman Tomiichi Murayama by Jiro Honzawa, political commentator; place and date not given]

[Excerpts] *Tomiichi Murayama, chairman of the Social Democratic Party of Japan [SDPJ], is now a public idol. He has distinctive eyebrows that show his good nature. "Lord Komon of the SDPJ" (Koken Nosaka, chairman of the SDPJ's Diet Administration Committee, referring to Mr. Murayama in his interview on 23 May) has declared: "The SDPJ will not break up."*

Compromises Are Also Necessary To Change Politics

[Honzawa] Chairman Murayama, I've heard that you are the most popular politician.

[Murayama] Is that so? I don't understand it very well. I'm just trying to be natural everywhere I go, so I don't pay much attention to it.

[Honzawa] That's probably the reason for your popularity.

Your view on the Constitution is also rated highly, especially that on the peace Constitution.

[Murayama] I think the reason why Japan has been able to develop its economy to this extent since the war is that it hasn't spent more money than necessary on arms.

Even though there have been several wars in the past, including the Korean and Vietnam wars, Japan's Self-Defense Forces at least never participated in those wars. Also, Japanese-made weapons have never been used in regional conflicts in various parts of the world. All this we can be proud of as Japanese.

Under the cold war structure, two superpowers—the United States and the Soviet Union—espoused the theory that they could maintain peace by balancing power through the arms race. But the United States reached a financial deadlock and the Soviet Union collapsed.

As the so-called cold war structure collapsed, they realized that the arms race was meaningless, and time has changed to an era of arms reduction and cooperation. This is how I understand it.

In that sense, I believe that the time has come for Japan, which has been abiding by its peace Constitution, to appeal to the world about the positive significance of pacifism.

Therefore, we have to safeguard the spirit of Article 9.

[Honzawa] It seems strange, therefore, that the SDPJ associated itself with Mr. Ozawa, a constitutional reformist, for eight months.

[Murayama] For such concrete issues as constitutional reform, we would never agree with each other. But, the letter of agreement of the coalition parties in August 1993 clearly spelled out that we would respect the idea and spirit of the Constitution, and that we would carry out our responsibility and role for worldwide arms reduction.

Based on such an agreement, the coalition government was supposed to continue its existence by searching for mutually agreeable solutions to current policy issues.

It is impossible to equate my way of thinking with that of other people, but it is not impossible for people with different opinions to form a coalition government.

By nature, a coalition government is a gathering of people with different opinions who are trying to support the coalition by seeking mutual agreements on policy issues that face them.

[Honzawa] I'd like to confirm one thing with you. As you know, the former government decided to introduce a small constituency electoral system.

Historically speaking, I think this change to a small constituency electoral system is tantamount to changing the Constitution for the worse. This can be interpreted as being aimed at revising Article 9.

So, I don't understand why the SDPJ supported the small constituency electoral system. Would you elaborate on this?

[Murayama] It is true that the SDPJ opposed the small constituency electoral system throughout. But, during the election in July 1993, we told our voters that we believed in the coming end of one-party rule by the Liberal Democratic Party [LDP], and that we would enter an era of coalition governments supported by multiple political parties. Politics in Japan would change.

The results of the election showed that the LDP had lost its majority, no longer being able to take power alone. It reflected the public expectation for a coalition government to change politics.

To respond to this enormous expectation from the public, the SDPJ had to join the coalition government. Without our participation, it would be impossible to form a coalition government.

As to the issue of the Constitution, the understanding mentioned earlier was incorporated into the agreement because the SDPJ insisted on it. So, by joining the coalition, the SDPJ created a condition that would not permit revision of the Constitution.

[Honzawa] I would like you to sum up your view on the Hosokawa administration. Looking back, what do you think of that administration?

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[Murayama] Well, the administration didn't do a thorough job of carrying out political reform.

But, as it laid the groundwork for political reform, which had not been done during the LDP's reign, I would like to rate this accomplishment highly.

In order to install anticorruption measures and to change Japan's politics at the same time, the SDPJ must also be prepared to compromise, as in the case of the electoral system. Keeping this in mind, I'm determined to overcome difficulties facing our party. [passage omitted]

Inscrutable "Democrats"

[Honzawa] Now, I'd like to ask you about the future of the SDPJ. Is there any possibility that your party might rejoin the coalition government?

[Murayama] I don't want to create any misunderstanding, but I should say that the SDPJ will not rejoin the current coalition government.

[Honzawa] Is that along the same line as what Secretary General Kubo has said?

[Murayama] Yes, of course. We will not rejoin the current coalition government. But, if Prime Minister Hata decides to resign and tries to form a new coalition government, the SDPJ will consider joining the new coalition government.

What we have said is that we must act responsibly, and that we should take a positive initiative in creating the next government and participate in it.

[Honzawa] What do you think of the LDP? For your party to join hands with the party, how must it change?

[Murayama] If the LDP continues to be as it was for the past 38 years, it will be difficult for us to join hands with them.

But, there are some people within the LDP who have liberal ideas and can agree with us. Many people share our ideas, like respecting our Constitution and giving due consideration to those who are in weak positions. I'd like to consider joining hands with these people in the future. As I always say, we should not have a fixed mind.

Now is the time for change and reform. Things will change rapidly, and they must. Old things will be destroyed, and new ones will emerge.

Therefore, the SDPJ must also change, making corrections where necessary.

[Honzawa] I understand that the SDPJ is going to change. But, the question is how it is going to change.

For example, I have an impression that some people within the SDPJ are willing to cooperate with those who have an extremely militaristic idea, like Mr. Ozawa's "normal nation." What do you think of this?

[Murayama] The SDPJ has a well-established policy line that promotes international contributions in the areas of "demilitarization, civilian order, and democracy."

For example, there are various issues, such as the human rights issue, environmental problems, and the issue of eliminating racial and tribal discrimination in this world. If Japan can help solve these problems as well as famine and poverty so that all the people in the world can coexist happily, we should make such contributions.

By making such contributions, Japan will be able to raise the level of trust bestowed upon it by the people in Asia and the rest of the world. Through this kind of action, Japan can achieve an "honored place in international society," as written in our Constitution.

Therefore, we should actively make such peaceful contributions internationally, using our technology, money, and materials.

[Honzawa] Probably, as chairman, it would be difficult for you to say this, but I can't seem to understand the nature of democrats as a group.

[Murayama] I don't quite understand it, either. (Laughter)

[Honzawa] In the old days when Mr. Kanemaru was reigning as a behind-the-scenes don, [SDPJ] Chairman Gen Tanabe was one of his "best friends." This situation looked suspicious. I now have a feeling that a similar situation is emerging.

[Murayama] There are some broad-minded individuals within the SDPJ.

Therefore, I don't mind those people with different ideas getting together and forming study groups. I encourage them to do so as much as they want.

In a sense, I think the SDPJ is the only political party that has established democracy within, allowing free exchange of opinions. This is something we can be proud of.

To make their reports interesting and entertaining, newspapers tend to write up only of our internal conflicts, and the people believe in them. But, it is natural to have some conflicting opinions and arguments within a party. If not, it would be strange.

[Honzawa] What most of us as citizens expect most is the SDPJ to take an anti-Ozawa stance.

But, as we can see your party's secret connection with Mr. Ozawa and his followers from time to time, we tend to become suspicious.

[Murayama] I can't see that at all.

[Honzawa] You can't? Maybe because of your [bushy] eyebrows. (Laughter)

[Murayama] No, no, I really can't see it. (Laughter)

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By and large, with a substantial power basis, the SDPJ is influential, also. If it breaks up, it won't have that influence.

In a sense, politics depends on numbers.

Tax Reform That Can Be Understandable to the Public

[Honzawa] Recently, in the area of tax reform, some people in Rengo seem to be supportng an increase in consumption tax.

[Murayama] They must be arguing for such a possibility by themselves. We would like to take their arguments into consideration, also.

But, as our party's Tax Committee is also deliberating this issue, our policy may not necessarily agree with Rengo's.

In an aging society, more money will be needed for medical care, pension, and welfare. The issue for tax reform is how to finance these expenditures.

Therefore, we must thoroughly review our government expenditures and correct our unfair tax system. Then, we must present to the public our vision of welfare, saying, "we have to spend this much," therefore, "we need to collect this much in tax," and "we would like to increase social insurance premiums to cover such and such expenses." If we all try this way, the public will be able to understand, saying, "certainly, it seems necessary."

Campaign Cooperation With the Shinseito Is Possible

[Honzawa] By the end of June, the current session of the Diet will be over. However, Chief Cabinet Secretary Kumagai and others seem to be planning to decide on the bill on the redistricting by extending the term of the session. What do you think will happen from now on?

[Murayama] A minority governing party is quite unstable, and it is quite an unusual administration.

Under the parliamentary system, a cabinet cannot be stable unless it has support from the majority of Diet members. That's the fact.

Our thought on this is as follows: The coalition government can be restructured by resignation en masse after making a budget and passing at least some budget-related bills, if possible. If a more democratic government can be formed, we will participate in such discussion and agreement to create a new government.

If that's not possible and there is no other way than dissolution to overcome the gridlock, dissolution and starting anew will be another choice.

In either resignation en masse or dissolution, the prime minister has authority. Therefore, all depends on what the prime minister decides.

[Honzawa] If there is no resignation en masse, it will be possible to vote for no-confidence as an alternative.

[Murayama] In order to submit a vote of no-confidence in the cabinet, there has to be a reason for no-confidence. Therefore, we will have to see how the political situation changes.

[Honzawa] Dissolution will lead to an election under either the medium constituency or the small constituency electoral system. you will have to look into these two possibilities.

[Murayama] We don't know that yet. If the cabinet can't function any longer and it dissolves immediately, we will have to have an election under the existing system.

But, what I want to make clear is that we are not hoping for an election under the medium constituency electoral system. We voted for the small constituency electoral system.

If possible, it is better to have an election under the small constituency electoral system by deciding on the districting sooner. But, districts have not been determined yet.

On the other hand, it is not wise to get politicians and political parties involved in such a decision—the leading parties should refrain from saying, "hurry up, hurry up," and pushing for a quick decision.

Therefore, neutral members were selected for a committee, and a fair and equitable decision on the redistricting has been requested to the committee.

[Honzawa] I'm suspicious of the small constituency electoral system.

Looking at the world, I don't think politics is going well in those countries that have a small constituency electoral system.

[Murayama] Some people say that the small constituency electoral system will make it possible to establish a two-party system, enabling changes of administration. But, I don't believe so.

I am against a two-party system. When people's values are diversified to this extent, having only two choices is an unhappy situation for the public. I think it inevitable to see a moderate, multiparty system, with three to four political parties competing against each other.

[Honzawa] Yes, indeed, because the people's opinions are quite diversified.

[Murayama] As it [the small constituency electoral system] goes against democracy, I have been against it.

But, for the time being, I don't think the small constituency electoral system will necessarily lead to a two-party system, although I don't know in the long run.

[Honzawa] Then, for the time being, we don't have to worry about the possibility of Mr. Ozawa shaking hands with your SDPJ.

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[Murayama] We may participate in a coalition government, as we did for eight months.

[Honzawa] But, you won't campaign together, at least for the next election.

[Murayama] If we work together in a new administration, I think it will be possible for us to cooperate so as to win elections against much stronger contenders.

Now that everything is changing, it is wrong to think from a fixed view point as "I will never do things with this or that person."

[Honzawa] I look forward to your lively activity in the future.

Survey: Firms Reducing Political Donations

OW2707112994 Tokyo KYODO in English 1105 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—A majority of Japanese firms and business organizations responding to a survey are considering either reducing or discontinuing political donations for the current fiscal year, survey results showed Wednesday [27 July].

The poll, conducted by KYODO NEWS SERVICE from early to the middle of this month, covered 20 corporations and 20 industry associations. All the businesses and associations responded. Of the industry groups, 13 are reviewing the practice, while the Japan Petrochemical Industry Association has not allocated funds for such donations in its budget for fiscal 1994, which ends next March. The member firms of the Japan Paper Association have agreed to discontinue mediating members' donations to political sectors, according to the survey results.

Most surveyed have customarily donated to the Liberal Democratic Party (LDP) and the Democratic Socialist Party. However, businesses have become cautious about the practice following reports of cozy relationships between general construction contractors and politicians established via donations, the survey shows. Donations are also being reconsidered due to rapid political realignments since last summer, when the LDP saw its nearly 40-year reign come to an end, the results show.

In additional interviews, some business leaders said they fear parties will increasingly request donations from corporations directly since the Federation of Economic Organizations (Keidanren) no longer serves as mediator.

Other chiefs said firms are facing a dilemma because while they have some responsibility in supporting politics in a country where individual donations are uncommon, they must also pay heed to public opinion.

An official of Kajima Corp., one of the top contractors that allegedly made questionable donations, said the firm decided to change its practice. "Instead, the company will donate to individual politicians, with a limit of 500,000 yen per person," he said. Meanwhile, a Nippon Steel Corp. official said his company is wondering which party to donate to this year.

The Cement Association of Japan, which donated 40 million yen in fiscal 1993, will halve the amount this year, while the Japan mining Industry Association said it is reviewing the matter and the petroleum association of Japan said it will be "prudent."

Eight companies, including Toyota Motor Corp. and Nomura Securities Co., said they will reexamine the issue of donations, while Ajinomoto Co. and Mitsubishi Estate Co. said they will continue limiting donations to only individual politicians. Some companies, including New Oji Paper Co. and Mitsubishi Kasei Corp., noted they are reviewing donations due to business difficulties.

Survey: Strong Yen Hurts Medium, Small Firms

OW2607183094 Tokyo MAINICHI SHIMBUN in Japanese 26 Jul 94 Morning Edition p 9

[Text] On 25 July, the Ministry of International Trade and Industry and the Small and Medium Enterprise Agency disclosed the results of their emergency survey of the impact of the strong yen on medium and small firms. The yen has appreciated against the dollar since the end of June. According to the survey, 97 percent of the medium and small firms in export-related production centers and 92 percent of the export-oriented companies' subcontractors questioned said, "We have been hurt by the strong yen" or "We will be hurt from now on," indicating that most medium and small enterprises have been adversely affected by the appreciation of the yen. When asked how they plan to deal with the strong yen, 17 percent of firms in export-related production centers said, "There are no effective measures," and 8 percent said that they are considering a "change or closing of business." Subcontractors were also found to be mulling negative measures; 28 percent said they are considering "employment adjustments," and 14 percent "production cutbacks." The results show that medium and small enterprises are in a very difficult situation.

The survey was conducted on 6 July and covered 137 companies in 56 export-related production centers with an export percentage of more than 10 percent, and 582 subcontractors whose parent companies are export-oriented enterprises such as automobile manufacturers and electronics manufacturing companies.

As examples of the impact of the yen's appreciation, about 60 percent of firms in export-related production centers mentioned "changes in contract clauses, such as a cut in product prices," and 40 percent pointed out "intensifying competition with imported products." As many as 80 percent of subcontractors cited "a strong demand for reducing unit prices."

Moreover, 60 percent of medium and small firms in export-related production centers said it is impossible for them to make a profit at an exchange rate of 110 yen

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or less to the dollar. Only 1.6 percent said that they can make a profit at an exchange rate of 100 yen or less to the dollar.

Gyoten Interviewed on Currency System Reform

OW2607125394 Tokyo ASAHI SHIMBUN in Japanese 24 Jul 94 Morning Edition p 9

[Interview with Toyoo Gyoten, chairman of The Bank of Tokyo, by ASAHI SHIMBUN reporter Kenji Takeuchi; place and date not given]

[Text] [ASAHI SHIMBUN] Some people point out that the high growth of the world economy in the post-war era was supported by the official exchange rate system.

[Gyoten] The Bretton Woods system was composed of the gold- dollar standard—in other words, they made the dollar the only key currency—and adjustable peg. It is true that this system worked well. After 1973, when the floating exchange rate system was introduced, the world's economic growth rate dropped and trade began to slow down. However, we experienced the oil crisis during this period and the world's power structure significantly changed too. The introduction of the floating exchange rate system had some impact on economic growth. However, we cannot say this was the root of the various evils.

[ASAHI SHIMBUN] Can we say that the Bretton Woods system was introduced because the United States had supreme power?

[Gyoten] Under the Bretton Woods system, only the United State, whose currency was the key currency, was able to conduct economic management by giving priority to domestic matters. Japan and other countries sacrificed their domestic policies to maintain a fixed exchange rate between their currency and the dollar. Regardless of their domestic economic situation, these countries had to tighten their policies when the balance of international payments became worse. This was a system which came into being because each country accepted the political framework based on the supreme power of the United States. The U.S. stand was different from that of other countries.

[ASAHI SHIMBUN] The Bretton Woods Reform Committee meeting, which you attended, made a currency reform proposal designed to increase the stability of the foreign exchange rate. Japanese manufacturers, who are suffering from the strong yen, are calling for the introduction of a fixed exchange rate system.

[Gyoten] The problem cannot be settled simply by the introduction of a system. In order to stabilize foreign exchange rates, each country has to change they it gives priority to economic policies. But this is difficult to do. Although it says that "a strong yen is not desirable," Japan, who was asked by other countries to activate domestic demand to deal with the strong yen, still accords priority to reducing the budget and measures to fight inflation.

The fixed foreign exchange rate system has a problem too. Under it, we have to adjust the foreign exchange rate to match the fundamentals of each country's economy. One of the lessons we learned from the Bretton Woods system is the call made by some people for a more flexible system. The truth is, though, that it is difficult to change the yen parity to the dollar. Accordingly, distorted parity become widespread while the system was in operation.

[ASAHI SHIMBUN] But the European Foreign Exchange Market Stabilization System [as published] is functioning in its own way.

[Gyoten] European countries want to be unified. Therefore, they accepted policy restrictions which stem from the currency system. Moreover, they had no choice but to ease the system at the time of the 1992 currency crisis.

[ASAHI SHIMBUN] You have cited Japan's economic policies as an example of the difficulty of promoting cooperation. But some people are saying that the United States is "the biggest bigot."

[Gyoten] The United States still cannot get rid of the idea, formed under the influence of the Bretton Woods system, that "other countries are responsible for adjusting the imbalance." This is a Bretton Woods syndrome. I am sure that we will not be able to coordinate policies unless the United States cures itself of such thinking.

[ASAHI SHIMBUN] Do you mean to say that we have no choice but to maintain the floating exchange rate system for the time being?

[Gyoten] Yes, I do. But excessive or violent fluctuations in the foreign exchange rate create economic confusion. Therefore, a mechanism for crisis management is necessary. A meeting of the seven major industrialized nations' financial ministers and central bank presidents (G-7) is such a mechanism. However, the G-7 member nations are often at loggerheads over the fundamental issue of determining whether or not the market is in a critical state. The International Monetary Fund (IMF) should strengthen its watch over money markets to avoid differences in understanding. This view is incorporated in the proposal made by the Bretton Woods Reform Committee.

[ASAHI SHIMBUN] In addition to the currency system, the 1944 meeting at Bretton Woods launched the World Bank and established the free trade system. It determined a framework for the postwar world economy. The world economy is now changing significantly. The Cold War structure pitching east against west has collapsed and Asian nations are gaining economic strength. Do you think we need a new global framework?

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[Gyoten] It would be nice if we could form a new global framework. But I am not sure if that is possible. I do not know whether countries will seek to form such a framework by voluntarily moving toward unification or be distanced from each other without forming a framework. In either case, it will be difficult to form a new framework unless our economic relationships become stable to a certain degree. This is necessary in the way that the supremacy of the United States was a precondition for the formation of the Bretton Woods system. I am of the view that this will not happen for another 20 years.

Medium-Term Outlook for Exchange Rates Debated

942A0446A Tokyo NIKKEI BUSINESS in Japanese 27 Jun 94 pp 28-31

[Discussion among foreign exchange experts, Takanori Tanabe, Yasunori Nagai, and Richard Ku, about future yen-dollar exchange rate and motivations behind the high yen; place and date not given]

[Text] [NIKKEI BUSINESS] How high do you think the yen will get in this fall and through the year end?

[Tanabe] I think the yen will strengthen to the low 90's to the dollar within a year. I don't know whether this will happen by the end of September, but I won't be surprised if the yen gets stronger, going beyond the level of 100 yen per dollar.

Rather than speaking of the yen getting stronger, I think it is the dollar that is going to weaken. Worry about inflation is beginning to surface in the United States, and although the budget deficit seems to be shrinking, the United States still has a deficit of about $200 billion. Its external liabilities amount to about 10 percent of the GDP (gross domestic product), limiting capital inflows into the country. The main question, therefore, is how to finance the trade deficit.

On the other hand, the problem with the yen is that Japan is continuing to push its limits in export. As domestic demand has not increased yet, the push for export is still relied upon as an escape measure. Japan's trade and current account surplus are not decreasing. In addition, money is not moving either. The amount of foreign portfolio investment is not increasing due to the risks associated with the strong yen and rising interest rates in the United States. Foreign direct investment last year amounted to less than $80 billion, not large enough to offset the current account surplus. Therefore, in terms of the capital balance as well, there are no primary factors that will weaken the yen.

[NIKKEI BUSINESS] What is the basis for your estimate that the yen will strengthen to the level of the low 90's to the dollar?

[Tanabe] I base my estimate on purchasing power parity. By looking at the trend of exchange-rate movements since 1973 and computing the purchasing power parity based on export price indices in Japan and PPI (producer price indices) in the United States, we can roughly estimate the ceiling for the yen's value. We did the same kind of computation for 1977 and 1978 as well as for 1987 and 1988. According to this estimation technique, the current exchange rate should be about 92 yen to 93 yen to the dollar.

Narrowing Differences in Economic Outlook between the United States and Other Countries: Future of Exchange Rates Will Depend on Intervention by the United States

[Nagai] Basically, I also think that the strong yen, weak dollar situation will continue. First of all, in terms of the current account, some products are beginning to show a robust increase in exports, such as automobiles and related parts to the United States, electrical products to Asia, and steel to China, making it difficult to reduce Japan's surplus. As far as the United States is concerned, some people think that its economy will not overheat, making possible a soft landing. However, an employment increases have almost doubled from the previous year, and disposable income has increase about 3 percent. As the United States has a bottleneck in domestic production, its imports increase. As its exports are not yet increasing, its [trade] deficit is not decreasing. Therefore, there is no fundamental change to the feeling that there is an excessive amount of U.S. dollars.

Entering this year, we began to see more clearly the trend of a weakening dollar. The reason is a change in economic outlook. Toward the end of last year, the economy in the United States showed clear signs of recovery, and the economy in Japan and Europe looked sluggish. Investors, therefore, took a long position on the U.S. dollar (holding the dollar [in expectation of a profit from a rise in its value]). They maintained this position as they entered the new year. Then, on 4 February, interest rates began to rise, ending bond investment for capital gains, and making it less attractive to hold dollar-denominated assets. Following the logic in capital movements, the dollar began to weaken. Combined with a price drop in U.S. bonds and stocks, the dollar faced a triple decline.

Subsequently, the economy in Japan, as well as in Germany, began to bottom out, showing prospects for recovery. Therefore, the gaps in economic outlook—promising in the United States and bleak in other countries—are narrowing.

Under this circumstance, future exchange rates will depend on intervention by the United States. If nothing is done, the dollar may weaken further, forcing U.S. interest rates to go higher. Therefore, I think the United States will intervene at some point in the future, probably when the dollar weakens vis-a-vis the Deutsche mark [DM] to less than 1.6 DM per dollar, or vis-a-vis the Japanese yen to less than 100 yen to the dollar. At times, the dollar may get weaker than 100 yen to the dollar. But, for the foreseeable future, I think the basic yen-dollar exchange rate will remain in the range of 100-106 yen to the dollar.

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[Ku] Honestly, I also ascribe to the idea of a strong yen. But, when everybody thinks the same way, the thing won't go as expected. So, I'm sort of worrying about the yen getting weaker. (Laughter)

But, the fact is, the yen's strength is maintained at the current level through daily intervention by the Bank of Japan [BOJ]. If there were no intervention, the rate could have been somewhere in 90's to the dollar.

Looking at it from the Japanese side, movement of capital is the key. Although the trade surplus bulged to the extent we had seen in the 1980's, the yen didn't get much stronger. The reason why the exchange rate of 240 yen to the dollar persisted for five years and of 120 yen for four years is that Japanese institutional investors, mainly life insurance companies, were buying dollar-denominated securities. But, with the loss of latent capital gains that drove them to invest in the 1980's, these investors are now in terrible shape. According to my estimate, they suffered a huge exchange loss in the amount of 35 trillion yen. Also, as interest rates are currently low everywhere abroad, somewhere around 7.4 percent in the United States, bonds are not a buy. But, if those investors stop buying them, no one will buy the dollars sold in the market by such exporting companies as Toyota and Nissan.

Come to think of it, investors in an economy that has some extremely competitive export sectors and where the domestic markets are closed should have never engaged in investment in foreign bonds to begin with. Export industries earn money relentlessly and sell dollars in the foreign exchange market. If one buys those dollars and invests them in the United States, he should wonder how the United States will repay his money. To repay, the United States must be able to export products to Japan. But it can't, being told that its products are not needed, or that they are not up to standards. Consequently, it can't repay the money, and it is no wonder that the yen is getting stronger. There might be some other factors, but as long as the economic structure [in Japan] remains as is, and unless the markets are opened, adjustments are ultimately shown up in exchange rates. Once investors begin to understand this and realize that they can no longer invest in foreign bonds, I wonder if the exchange rate can stabilize even at 90 yen to the dollar.

[Nagai] Another trend is that as interest rates began to rise worldwide, the long-lasting investment activity in bonds for capital gains has come to an end. After the last big wave in this kind of investment, market prices reversed, and they have been staying there. Essentially, capital gains are sought according to changes in price fluctuations, not to the absolute level of market prices. Then, as we enter an era for pursuing income gains, differentials in nominal interest rates and expected future exchange rates become important factors. Before we can get to this point, we still have a remaining investment balance in dollar-denominated bonds, whose losses need to be cut. This is creating big pressures to sell dollars.

Japan Tries To Continue Pushing the Limits of Export: The United States Will Probably Raise Interest Rates Again by the Year End

[NIKKEI BUSINESS] The key seems to be movement in the long-term bonds market in the United States.

[Ku] Currently, there are two unprecedented events happening in the United States. One is that for the first time in its history, the FRB (Federal Reserve Board) has been taking a tight monetary policy before inflation is ignited. The core rate of inflation is actually about 2.5 to thecent, but the FRB has already tightened money four times, saying that it will do so again if necessary. In the past, tightening was done only after inflation started, but doing so in advance was never done before. The White House is supporting this move, also.

The current yield on 30-year bonds is extremely low, even from the historical standpoint. According to reports issued by local federal reserve banks, some localities began to feel some strong inflationary pressures. Yet, the long-term interest rates have not risen. The reason for this is that investors are watching the FRB's action. The FRB's usual pattern of action in the past was to tighten money in a flurry after inflation became reality. As this would indicate rising interest rates, bonds would be sold. Therefore, the rates could have been much higher, but they are now staying at low.

Because of this, we don't know how the rates will move. As a result, bonds prices are fluctuating. However, if left alone, an incident like Black Monday might happen. Compared to its predecessors, the Clinton administration is extremely concerned about the financial markets. Therefore, until it discovers the success or failure of the policy taken by Federal Reserve Chairman Greenspan, it will probably take an extremely cooperative and gentle stance on foreign exchange markets as well as on Japan-U.S. trade issues. This is because, by not irritating Japan the wrong way, it wants to avoid any adverse consequences on long-term interest rates.

[Tanabe] Mr. Ku mentioned two unprecedented events, but there is another one. In the past, when the rate of capacity utilization exceeded 80 percent, the rate of inflation began to rise. But, even though the rate of capacity utilization in the United States is now 83 percent, the inflation rate remains at 2.5 percent. This is unprecedented. It means that the U.S. economy has changed, and in a sense U.S. competitiveness is approaching Japan's. From this line of logic, the yen is not supposed to get much stronger. But, as Japan has a tendency to continue pushing its export limits, this logic doesn't hold.

Yet, I believe it less likely for the U.S. economy to make a soft landing from now on. One reason is that, because it has a life of its own, the economy is difficult to control

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when prices are rising. The rate of unemployment is approaching 6 percent, and that of capacity utilization is close to 84 percent. As the commodities market is also up, there is a chance of inflation. Slowing it [the rate of inflation] through monetary policy may jeopardize the economy. I think the U.S. economy will go through a narrow passage. If that is the case, again, buying dollars is a difficult decision.

[Nagai] Basically, I agree with you. As inflationary pressures are firming up, the United States will be forced to raise interest rates again sometime in September, or by the year end at the latest. Medium- and long-term interest rates will go up, accordingly. Therefore, I think the risk of a weakening dollar will remain unabated.

Once the Financial Markets Are Stabilized, the United States Will Pressure Japan To Open Its Markets and Expand Domestic Demand

[NIKKEI BUSINESS] Regarding the U.S. policy toward Japan you just mentioned, it seems that the United States has changed its tone since this past spring compared to last year when it insisted on strengthening the yen's value unless the markets were opened.

[Ku] In March, I attended a meeting in Washington, where Sommers, Bentsen, Gephart, and so on participated. They were saying that they would pry open the Japanese markets in any way possible. They were determined, saying, now that the cold war between the East and West was over, they had no reason to back-pedal. What they were saying is that, although they were in the past subjected to negotiations like peeling the layers of an onion, they would never allow the same thing to happen. As this kind of pressure exists, once the financial markets are stabilized, the next round of tough talks will surely emerge.

[Tanabe] Speaking of U.S. policy toward Japan, [let's not forget that] the United States has its own unique situation. It intervened in the [foreign exchange] market, because, if dollars were oversold, it would have an adverse effect on the capital market in the United States. But, as Mr. Ku mentioned, since the fundamental issue—solving the trade deficit with Japan—has not changed, once the markets are stabilized, the United States will pressure Japan to open its markets and expand domestic demand. It will probably tolerate the strong yen, weak dollar situation as long as it won't jeopardize the U.S. markets.

[Nagai] Framework talks have resumed, and it has been reported that the U.S. stance on Japan has become flexible, willing to accept partial agreements. But, I think this [kind of report] misses the point. I think the United States is also weighing the unstable political situation in Japan.

The Harder Exporters Try, the Stronger the Yen Gets: We Must Increase Imports by Opening Our Markets

[Tanabe] As a matter of fact, the current strength of the yen seems to be way beyond what the strength of the Japanese economy can justify. Profitability of our exporting companies is quite low; their operating profits are less than 1 percent of gross sales. These companies continue to export in this kind of situation. If they can generate profits again from domestic sales, they will stop exporting. But, this is not the case. As a result, they will keep exporting beyond their means until they see some companies folding. If so, the yen will continue to be strong for some years. But, beyond that, I believe the yen will instead become weaker.

The entrepreneurial spirit exists in the United States. But it doesn't develop in Japan because of the existing employment system and so on. The future seems dangerous for Japan. Individual exporters are now trying hard to regain their competitiveness, but the harder they try, the stronger the yen may become. It is important to increase imports by opening up our markets and expanding our domestic demand so that the current account will become balanced. This has been proposed in the past, but it never saw progress. If Japanese businessmen and government officials fail to recognize this soon, they may find themselves in an irreparable situation.

Another worry is that the BOJ has been buying dollars and selling yen in excessive quantities so as to stop the yen from rising, injecting more money into the domestic economy. As in 1988 when excessive liquidity surfaced, I think a similar situation is occurring. The BOJ is trying to circumvent this by monetary adjustments, but I don't know if it will be successful. Some of this money may flow into the stock market and so on, and I think there is a chance of creating inflation in financial assets. This means that policy choices for Japan will be restricted.

[Ku] Arguments in Japan on foreign exchange movements tend to point toward a possible conspiracy by the United States. However, the United States is essentially passive. At Japan's request, it bought dollars to prevent the yen from rising, but it never sold dollars on its own initiative. The yen began to rise in mid-February last year when Japan declared, "We won't accept numerical targets. We will abide by free trade." As I have said, free trade is based on price adjustment, and it is therefore natural for the yen to become stronger. Japan should stop making such a strange argument as a U.S. conspiracy. Instead, it should realize that it has chosen to have the current situation materialize.

[NIKKEI BUSINESS] Only some people may believe in a U.S. conspiracy. But, here, we are trying to proceed with our discussion on what may happen, based on the fact that Japan has not made much progress either in deregulation or in expanding domestic demand.

[Tanabe] I think there is also a problem of the U.S. budget deficit.

[Ku] The budget deficit in the United States has now become the smallest, relative to that in the other G-7 countries. The problem is that Japan stopped buying

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dollars. Rather, I should say that Japan should never have bought dollars, even in the 1980's. If Japan hadn't buy dollars, the yen could have been stronger much earlier, preventing the imbalance from growing. The United States has never tried intentionally to prop up the value of the yen.

[Tanabe] Japan needs to be blamed, so does the United States. I think the reason why the FRB began to raise interest rates in February is that it feared asset inflation would be ignited by the U.S. tendency for excessive consumption. To be sure, the United States may have some strategies to reduce Japan's trade surplus, but I don't think it has a plan to hurt Japan. I may be repeating myself, but I think Japan has been trying too hard under the circumstances, choosing the way for its self-destruction.

Businesses 'Regret' Public Utility Charges Hike

OW2607075094 Tokyo KYODO in English 0708 GMT 26 Jul 94

[Text] Tokyo, July 26 KYODO—The business community expressed regret Tuesday [26 July] at a government decision to unfreeze public service charges early next year.

"The government should have exercised prudence by taking into account desperate efforts being made by private corporations to restructure their operations," said Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry. The government decided to approve early next year hikes of public service charges, frozen until the end of this year.

"It is extremely regrettable," said Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren) who spearheaded a drive against rate hikes, commenting on the government decision. "It is something like turning back history."

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said it is too early for the government to lift the freeze at this stage.

Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Keidanren), said private firms now are making efforts to restructure their operations while the domestic economy faces a delicate situation.

Wholesale Rice Prices Said Continuing To Fall

OW2707084094 Tokyo KYODO in English 0514 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—Wholesale rice prices continued to fall this week as delivery of early harvest began in the southern main islands of Kyushu and Shikoku, market officials said Wednesday [27 July].

The officials said bid prices in a government-sanctioned auction held this week stood at nearly half the peak level set in March. They said the popular brand of Koshihikari from Niigata Prefecture on the Sea of Japan coast in northern Japan traded at 29,500-30,000 yen per 60 kilograms, down 2,000 yen from the previous week.

The officials said prices of other popular brands of rice, including that produced in Akita Prefecture, northern Japan, also weakened. They predicted continued declines as delivery of early harvest rice to the main island of Honshu is scheduled to begin next week.

The officials said Wednesday's [27 July] bid price for Koshihikari was the lowest since October last year. Prices of domestically grown rice soared in earlier auctions, owing to the worst postwar harvest last year.

The grain market research agency rice databank predicted a bumper rice harvest of about 12 million tons this year, thanks to favorable weather conditions.

A senior agency official said the rice market will remain bearish toward the autumn, with wholesale rice prices falling to last year's pre-harvest levels. He said retail prices of Koshihikari would drop to around 6,000 yen per 10 kilograms.

Big Corporate Groups' Excessive Power Noted

OW2607110394 Tokyo KYODO in English 1050 GMT 26 Jul 94

[Text] Tokyo, July 26 KYODO—The Fair Trade Commission (FTC) on Tuesday [26 July] cautioned against an excessive impact on the economy by Japan's six largest corporate groups.

Though the combined economic power of the six groups—Mitsui, Mitsubishi, Sumitomo, Fuyo, Sanwa and Dai-Ichi Kangyo Bank—is on the decline, it remains strong, according to an FTC survey on Japan's corporate grouping.

While corporations within the six accounted for only 0.007 percent of all firms in fiscal 1992, they grabbed 13.79 percent of the year's sales. Their combined shares were also high at 12.52 percent against total assets and 15.29 percent against total capital, the survey said. The shares dropped slightly from fiscal 1989, from 16.24 percent in sales, 13.54 percent in assets and 17.24 percent in capital. But the downtrend does not mean the groups' influence on the economy is negligible, the FTC said.

A possibility remains that human and capital affiliations of member companies will be strengthened, leading to further control by a handful of leading companies, making Japan's business deals appear exclusive to eyes of foreigners, they said.

Corporate relations among each group of companies through stock ownership have been on the decline since fiscal 1992, the survey said. The strength of human ties within each group, as measured in the number of top

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officials sent to member companies, has also been dropping since fiscal 1981, the survey said. The ratio of intragroup business transactions came to 6.85 percent in terms of sales in fiscal 1992, down from 7.64 percent in fiscal 1989. The share has been on the decrease since fiscal 1981, it said. The survey covered 189 companies belonging to the six groups.

During the Japan-U.S. Structural Impediments Initiative Talks concluded in June 1990, Japan's "Keiretsu" interlocking corporate shareholding was the target of criticism as a barrier to foreign firms trying to enter the Japanese market.

MITI Survey: Small Firms More Optimistic

OW2507092994 Tokyo KYODO in English 0914 GMT 25 Jul 94

[Text] Tokyo, July 25 KYODO—Small companies were less pessimistic on their business activities in the April-June quarter of this year, a Ministry of International Trade and Industry (MITI) survey showed Monday.

The business confidence diffusion index for small companies came to minus 26.1 on an all-industry basis in the second quarter, an improvement from minus 36.4 registered in the previous quarter.

The index represents a percentage excess of those observing favorable business conditions over those pessimistic compared with the comparable quarter of 1993.

The sales diffusion index for the second quarter stood at minus 25.3 compared with minus 34.8 in the first quarter and the diffusion index for pretax profit came to minus 31.1, an improvement from minus 40.6.

The survey results may not reflect the actual state of Japan's small companies, a MITI official said, noting the survey was conducted on June 5, way ahead of the June 21 start of the yen's renewed surge against the dollar.

The latest quarterly survey covered 19,000 small companies across the nation.

High-Speed Translation Machine Developed

OW2707084194 Tokyo KYODO in English 0458 GMT 27 Jul 94

[Text] Kyoto, July 27 KYODO—A group of Japanese researchers of artificial intelligence (AI) has announced development of a computer system that translates Japanese into English at speeds 300 to 500 times faster than conventional AI computers.

The computer system was developed by Hitoshi Iida and fellow researchers at the ATR Interpreting Telecommunications Research Laboratories of the Advanced Research Institute International, a Kyoto-based private research institute.

The translating mechanism of the new "massively parallel computer" will be announced at the 12th national conference on artificial intelligence in Seattle, Washington, starting Sunday. The conference is organized by the American Association for Artificial Intelligence.

Conventional artificial intelligence systems have translated Japanese into English by bringing together English words in accordance with grammatical rules that had been memorized by artificial intelligence beforehand.

However, such methods often have difficulties translating colloquially spoken Japanese into English, as spoken languages are often grammatically imperfect.

As a result, conventional artificial intelligence is unable to translate certain Japanese sentences into English. A lot of time is also required to translate certain sentences.

To overcome such deficiencies, Iida said, 100,000 combinations of certain words that are often found in Japanese conversation were put into the computer.

The researchers then categorized some 6,000 words frequently used in the 100,000 combinations in accordance with such blanket concepts as "actions, "food" and "emotion," Iida said.

Words in each concept-group were then further categorized into three stages and each given index numbers in order to facilitate the retrieval and precise translation of a certain expression or word, he said.

When a researcher wants to translate a Japanese sentence, the machine selects an expression most similar to the original sentence out of the stockpile of 100,000 combinations by perceiving each indexed word that constitutes the Japanese sentence as a clue, Iida said.

On the strength of the massively parallel processing method, the machine is able to translate a Japanese sentence consisting of 10 to 15 words into English in one-10th of a second, he said.

Semiconductor Industry Looks to Post-DRAM Era

New Memory Devices Viewed

942A0385A Tokyo NOMURA SEARCH in Japanese Jun 94 pp 36-38

[Article by researcher Hitoshi Shin: "Steady Growth in DRAM Demand Is Expected"]

[Text] When we consider the demand for memory, the core product among Japanese semiconductor manufacturers, it is important to consider production trends in personal computers (PC's). As the basis for predicting memory demand, we must look at 1) the number of PC's in production and 2) the memory loading capacity per PC.

Because of advances in microprocessing units (MPU) and the relative number of personal computers able to accommodate CD-ROM's [compact disk read-only

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memory], the average loading capacity of PC's is projected to increase to 9.7 megabytes in 1994, from 7.3 megabytes in 1993. It seems likely that, as a forerunner to multimedia terminals, the demand for personal computer electronic gameware will also continue growing into the 21st century, following the same trend as seen for color televisions.

On the basis of these projected trends, the demand for 4-megabit [M] DRAM [dynamic random-access memory] devices is expected to reach 820 million units in 1993, 1 billion units in 1994, and 1 billion units in 1995, and then drop to 900-950 million units in 1996. On the other hand, demand for 16-megabit DRAM devices is expected to increase from 140 million units in 1994 to 320 million in 1995 and 630 million in 1996.

Because there is a trade-off relationship between 4M and 16M DRAM devices, when the demand for 4M DRAM is stronger than expected, sales of 16M DRAM will fall off. On the other hand, if there is a smooth transition from 4M to 16M DRAM, when sales of 4M DRAM fall off, they will pick up for the 16M DRAM.

As a further reference, future demand for 4M and 16M DRAM devices as projected by Japanese semiconductor makers (averages from four companies) and Korean semiconductor makers (three companies) are presented in Table 1. As shown, Nomura Research Institute and the Japanese manufacturers give almost the same projections for 4M memory demand in the three years considered; their projections are fairly close for 16M demand as well. The Korean makers, on the other hand, are projecting a stronger demand than either for 16M DRAM in 1994 and 1995. To take 1995 as an example, the Korean makers' projections for 16M DRAM are 50 million units higher than Nomura's. Coupled with the decline in 4M DRAM Korean makers see for the same year, however, their projections for total memory demand (4M and 16M combined) are not that much different.

Table 1. Prospects for DRAM Demand (million units/year)

	4M DRAM			16M DRAM		
Year	Nomura Research Institute	Japanese Manufacturers	Korean Manufacturers	Nomura Research Institute	Japanese Manufacturers	Korean Manufacturers
1993 (estimated)	820	820	821	20	20	27
1994 (projected)	1,000	971	979	140	134	157
1995 (projected)	1,000	939	835	320	309	371

Source: Nomura Research Institute

Korean Makers Building Up Production Facilities

Thus, the DRAM market is expected to expand steadily with the growth in sales of CD-ROM loadable personal computers and advances in the performance of microprocessing units. Japan's nine principle semiconductor makers (Hitachi Ltd., Toshiba Corp., Mitsubishi Electric Corp., NEC Corp., Fujitsu Ltd., Oki Electric Industrial Co., Ltd., Matsushita Electric Industrial Co., Sharp Corp., and Sanyo Electric Co.) are also expected to continue increasing their investments in semiconductor plants and equipment through March 1996.

Total plant and equipment investment for these companies is expected to increase from a low of 414.1 billion yen in FY92, to 494 billion yen in FY93 and 550-570 billion yen in FY94, reaching 600-620 billion yen in FY95. In the March quarter of 1997 [end of FY96], because of anticipated improvements in DRAM yield, investments are expected to decline about 10 percent, but are expected to continue increasing through FY95.

On the other hand, total capital investment for Korea's three semiconductor makers (Samsung Electronics Co., Goldstar Electron, and Hyundai Electronics Ltd.), which pose the greatest threat to their Japanese counterparts, is also expected to continue to grow, from $1.86 billion in 1993 (estimated), for a 92-percent increase in investment, to $2.75 billion in 1994 (48-percent increase) and $3.1 billion in 1995 (13-percent increase). Since much of their business relies on memory—about 80 percent on average overall, with 73 percent of this in DRAM (compared to about 25 percent for Japan's five major companies)—Korean semiconductor makers are expected to direct 70-80 percent of their investments in plants and equipment into DRAM.

Estimating the ability of Japanese and Korean semiconductor makers to meet the demands of the market for 4M and 16M DRAM based on these investment projections, we can expect that by the end of 1995 Korean makers will have improved their DRAM yield and attained a production scale comparable to Japan's semiconductor companies.

Favorable DRAM Market Conditions Expected Until Mid-1995

From this projected ability to meet market demands for DRAM, we can expect a relatively "tight" fit between supply and demand until mid-1995 in the combined markets for 4M and 16M DRAM.

After that time, if both Korean and Japanese manufacturers operate their facilities at full capacity for 4M and

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16M DRAM production, we can expect to see supply exceed demand. At the end of 1995, of all production facilities in operation for 6 inch wafers that are capable of precision processing to the 0.8μm level, of the percent allocated to the production of 4M DRAM (not all production facilities, it should be noted, will be for DRAM), about 15 percent may end up creating an excess of supply over demand.

Japanese Semiconductor Makers Approaching Turning Point, Relative Positions of U.S., Japan, Korean Semiconductor Makers

When we consider the global position of Japan's semiconductor makers in light of these trends in the DRAM production capabilities of their Korean counterparts, we can expect to see Japanese manufacturers coming to a turning point which will find them groping their way toward new products to succeed the DRAM.

If we compare per capita GNP in the United States, Japan, and Korea, we see that for Koreans it is presently around $8,000, almost equal to the GNP level in Japan from 1982 to 1984, the period during which Japan took the lead over the United States in DRAM. Japan's current per capita GNP (based on the same exchange rate since 1985) is now about the same as the U.S. per capita GNP was during this same period from 1982 to 1984. Japan's position relative to the United States is now, after ten years, mirrored in Korea's relative standing vis-a-vis Japan. In fact, projects similar to the TRON project, which Japan undertook in 1985-86 to develop a microprocessing unit, are now being undertaken in Korea under the respective leadership of Samsung and Hyundai.

Future Trends Among Japanese Semiconductor Makers

In the course of yielding the leadership for DRAM to Japan during this period from 1982 to 1984, U.S. semiconductor makers mapped out their survival in roughly one of three ways.

The first model, the "pursuit of higher-value-added" model, can be thought to fit Intel Corp. and Advanced Micro Devices (AMD) Inc. The second, the "pursuit of oligopolistic profits" model, fits Texas Instruments Inc. (TI) and Micron Technology; and the third, the "in-house R&D" model, Motorola Inc.

Looking at these precedents in considering future trends among Japanese semiconductor makers, we can think of Hitachi and NEC as fitting the "pursuit of higher-value added" model. Hitachi is in the process of finding an escape [survival] route for itself, looking toward microprocessing units for its SH personal computer series. Besides microprocessing units, NEC is working in the area of digital signal processors (DSP) for an efficient image processing device.

Table 2. Changing Corporate Directions Among U.S., Japanese Semiconductor Makers

	American Manufacturers 1982-1984	Japanese Manufacturers 1993-1995
High-Value-Added Model	Intel, AMD	Hitachi, NEC
Oligopolistic Profits Model	TI, Micron Technology	Toshiba, Mitsubishi
In-House R&D Model	Motorola	Fujitsu

Source: Nomura Research Institute

The label "oligopolistic profit" model fits Toshiba and Mitsubishi Electric. Toshiba is moving forward with strategic tie-ups with International Business Machines (IBM) Corp. and Siemens for a 256K DRAM device. It is also working aggressively on microprocessor and graphic-enlarger chips, and has the potential for transforming itself into the "high-value-added" model. Mitsubishi, after falling behind other leading manufacturers in the production of the 4M DRAM chip, has succeeded in aggressively carrying out plans to expand its production of the 16M DRAM and is now back among the top group of manufacturers in terms of production capacity.

Fujitsu fits the model of companies engaged in in-house research and development. Focusing more of its energies on the development of semiconductors for computers and communications equipment, the company's strong card, Fujitsu has reorganized its semiconductor unit and is coming closer to the strategy earlier taken by Motorola.

It is expected that microprocessors will be facing a period of severe price competition in the future, with U.S. manufacturers losing their lead in this area just as they did with dynamic random-access memory chips. However, there is concern that if Japanese companies concentrate solely on these microprocessors as their main product outside of DRAM chips, in three or four years, manufacturers will be faced with poorer profits on these items just as they were with DRAM.

Outlook for Ferroelectric RAM

942A0385B Tokyo NOMURA SEARCH in Japanese Jun 94 pp 39-41

[Article by deputy chief researcher, Hideki Wakabayashi: "Prospects for Ferroelectric RAM Applications Have Opened Up"]

[Text] **The Ultimate Memory: Combining Advantages of DRAM and Flash Memory**

Ferroelectric RAM [random-access memory] (FRAM), while a semiconductor, is like flash memory in that it is nonvolatile (i.e., information stored in memory is retained even when power is turned off). A decisive difference between the two, however, is that, while flash

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memory is read-only memory (ROM), FRAM is random-access memory (RAM). In other words, in addition to being able to access each bit independently (to read and write data), FRAM devices can be used to write and erase data any number of times. Comparable to dynamic and static RAM in speed, FRAM combines the strong points of both flash memory and dynamic random-access memory and has thus been called the ultimate memory.

Despite its properties, there has been very little interest in FRAM until now. Shortcoming seen in ferroelectric semiconductors in the past include the following: 1) Because ferroelectricity relies on the thickness of the conducting membrane, the thinner this membrane or layer becomes in order to improve integration, the harder it is to retain electrical charges. 2) The more often data is written and erased, electricity is lost, and such devices, in effect, cannot be used for random-access memory. 3) Circuit designs that have been proposed until now have been inferior to DRAM and present difficulties for improving integration.

There were also reasons that large semiconductor makers and major research institutions have not seriously entered the field in the past, thus delaying FRAM development and research. Among these reasons, we find that: 1) Silicon semiconductors were considered materially of better quality, and the integrated circuit (IC) industry has not wanted to consider materials with different properties like metals or nitrogen. 2) Limitations in the precision processing of DRAM have been overcome much more easily than expected. 3) There has been little interest in nonvolatile metals.

This situation started to change in 1990. Not only were people realizing that DRAM would reach its limits in another two or three generations (due to scaling), interest was growing in nonvolatile memory, including flash memory. With this change in the environment, large semiconductor makers have also begun to turn their attention to ferroelectric RAM. From this background, there has emerged a series of notable developments, including announcements in February 1994 of the joint-development by Matsushita Electronics and Symmetrics of a 256K FRAM chip and, in March 1994, of a new memory device by Rohm called "FFRAM." Rohm's technology, in particular, is likely to mark a historic turning point not only for ferroelectric RAM, but also for nonvolatile memory and the entire semiconductor industry since it includes the possibility of overcoming the fatal flaws seen in ferroelectronic RAM in the past.

Possibility of Taking the Place of Existing Types of Memory

Important points in evaluating semiconductor memory include its present memory capacity, its potential level of integration (or bit cost), whether it is volatile or nonvolatile, its power source and voltage (voltage for erasures) and the number of times erasures can be made.

In terms of memory capacity, Rohm's new technology has attracted attention for its ability to further improve integration, but as a marketable product it is still in the development stage. Matsushita and Ramtron's memory chip will range in size from 64 to 256 kilobits only, and is thus three to four generations, or about 10 years, behind DRAM and flash memory, which have already reached the 16- to 64-megabit class.

DRAM and Rohm's FFRAM are about equal in terms of access time, and faster than present-day FRAM and flash memory by 100 to 200 nanoseconds. The speed of ferroelectric RAM depends on the polarization speed of the ferroelectric substance, but theoretically, there is a reasonable possibility it will be on the several nanosecond level. Flash memory, which is slower than FRAM in recording and erasing data, has its limits as RAM and should be used as external memory or as a memory card.

In terms of power, the NOR [Not OR] model of flash memory (from Intel) is 12 volts higher, or if the later NAND [Not AND] version is included, about 2 to 3 volts higher. Flash memory can be erased 1 million times, and in the past FRAM could be erased from 10 billion to 1 trillion times. There are no practical limits for DRAM and FFRAM.

Thus, though there were very little advantages to FRAM memory in the past, nor was FRAM adequate as random-access memory or as nonvolatile memory, Rohm's FFRAM can be said to have eliminated these shortcomings.

Key Post-DRAM Device, Favorite to Win

Unfolding prospects for the practical application of ferroelectric RAM will have a fairly important impact on long-term development and research strategies in the electronics industry. When DRAM reached its limits as far as further integration was concerned, it was thought that next generation efforts would turn to flash memory or, on the basic research level, to devices like quantum memory. Ferroelectric RAM was considered to be only one part of that effort. Suddenly, however, a strong possibility has developed for its becoming even more important than flash memory in the post-DRAM era.

Earlier, the probability of successfully developing next-generation DRAM devices was very high. But because of considerations like the scaling rule, mentioned earlier, that prospect has quickly grown less likely and will probably be treated on the same level as many other research and development themes. On the other hand, the outlook for ferroelectric RAM—specifically, of FRAM in terms of higher integration—was still at the level of basic research, like many other ideas. In other words, it was not ready to be considered industrial technology of the kind in which firms were interested but rather as the kind scientific technology still being researched in universities and, thus, in the practical sense, was still a long way from being incorporated into corporate profits and strategies. This was the situation

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until last year. But, then with the emergence of FFRAM, the prospects for success for ferroelectric RAM grew dramatically, along with the possibility of even bettering the 1 gigabit DRAM in terms of achieving further integration.

Market Expected To Expand From Year 2000

When we consider the market for memory primarily in the computer area, we can imagine it as built around two important axes—memory capacity and access speed—to form a tiered pyramid, each tier representing different segments of the memory market. The closer we get to the base of the pyramid, the larger the market gets, with the markets for floppy and hard disks currently put at 150 and 750 billion yen, respectively, and for magnetic tapes, etc., at 1.3 trillion yen, bringing the total for these three to approximately 2 trillion yen. The higher up the pyramid we go, however, the higher the potential is for growth. Basically, the upper tiers represent memory for computer use and the lower tiers memory for consumer audio-video equipment. Nonvolatility is a necessary condition for [the growth of] this huge market. It is possible, considering the superiority of flash memory over magnetic tape in terms of access time, that flash memory will come to take the latter's place. However, from the perspective of access time, flash memory is not expected to be able to make inroads into the dynamic or static DRAM markets, which now occupy the top layer of the memory pyramid. DRAM, on the other hand, will not be able to be used for hard disks or integrated circuit (IC) cards for portable office automation (OA) equipment, which rely on battery power.

By comparison, ferroelectric RAM, with the advantages of its nonvolatility, will not only develop toward the bottom of the market pyramid like flash memory, but also toward the top because of its superiority as random-access memory over DRAM or SRAM in terms of scalability and improved integration.

From the year 2005, flash memory is expected to move to the middle tier of the pyramid, taking the place of hard disks, and from there to expand downward. Ferroelectric RAM, on the other hand, is expected to expand primarily up through the top tiers of the pyramid.

According to estimates, the ferroelectric RAM market is expected to reach the 100 to 200 billion yen level in the year 2000, then to expand rapidly during the years from 2005 to 2010 as DRAM starts to reach its limits in terms of improved integration, and by 2010, to exceed 1 trillion yen. The market for semiconductor memory has been placed at the 2 trillion to 3 trillion yen level for 1995, and there is a strong possibility that from 2010, 30 percent of this market will be in ferroelectric RAM.

New Entrants Are Primarily Venture, Midsized Companies

Firms currently entering the ferroelectric RAM market are primarily venture businesses and midsized companies. Technologically, rather than the large companies, which are primarily into silicon semiconductors, we are seeing midsized semiconductor companies like Matsushita Electronics, Seiko Epson, and Seiko Electronics Industrial Co., electronic parts manufacturers like Rohm and Murata Manufacturing Co., which are involved in ceramic materials, and others like Olympus Optical Co. On the research side, we can also include Sharp, Oki Electric, Hitachi, Mitsubishi Electric, and Nittetsu Semiconductors.

After this there will probably be a great deal of interest shown by large companies in the research and development of ferroelectric RAM, but it will not be that advantageous an undertaking for large companies at home or abroad. There are a number of reasons. To take the example of a high-value-added ferroelectric RAM device with limited capacity: 1) the outlook at present is for a low-level of integration, where neither precision processing nor large investments in plants and equipment are needed; 2) the accumulation of research and development data on ceramics is more important than research and development data on silicon; and 3) controlling the boundaries between semiconductors and ferroelectric substances is difficult, and it is unclear whether the latter will be suitable for a "system on a chip."

For these reasons, a research and development strategy that has become common among Japanese companies is to tie up with overseas venture businesses rather than to assume the total cost of research and development on their own. Seiko-Epson, Hitachi, and Rohm have all tied up with Motorola, the leading U.S. company in ferroelectric RAM; and Olympus Optics and Matsushita Electronics have tied up with Symmetrics. Ramtron, although first joining up with Seiko Epson for a memory that operates in both DRAM and FRAM modes, has switched to a tie-up with Hitachi after having trouble improving its yield rate.

North Korea

Activities Commemorate War 'Victory' Anniversary

War Veterans, Youth Gather

SK2707024994 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 26 Jul 94

[Text] Gatherings of war veterans and youth and students in Pyongyang city were held on 25 and 26 July to mark the 41st anniversary of the victory in the great fatherland liberation war. Held at a time when the great sorrow of having lost the great leader of our party and people Comrade Kim Il-song, the ever-victorious iron-willed commander and the excellent military strategist who led the formidable fatherland liberation war to a brilliant victory is being turned into strength and courage, the gatherings sites overflowed with feelings of reverence and loyalty.

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At the gathering held in front of the tower of victory in the fatherland liberation war, war veterans recollected with deep emotion, before youth and students, about the days of fierce battle in which soldiers of the People's Army fought in hills and mountains, in the sky, and on the sea, where matchless self-sacrificing spirit was displayed and the great leader Comrade Kim Il-song's order was upheld.

In particular, the new generation was deeply moved by the remarks on the heroic exploits of our People's Army soldiers in the defense of Hill 1211 and the defense of the Hongchon area during the war, by heroes of the Republic, Kim Sang-hun and Kim Yong-su, and participants in the war, Kim Chin-kuk and Pak Chang-ho. They urged the new generation of the revolution to become the fortress and shield that resolutely defend our supreme commander General Kim Chong-il and to grow up to be loyalists and dutiful children who uphold him forever.

Chin Song-un, chairman of the Socialist Working Youth League of the Tongdaewon district in Pyongyang; Kim Tong-myong, a worker at Moran glass plant; and Kim Yong-sik, a student at the Teachers' College in Pyongyang said that they will invariably cherish deep in their hearts the lofty honor of being genuine and eternal revolutionary fighters of the comrade supreme commander. They then expressed their burning determination that they will hold rifles instead of sickles, hammers, and pens if the enemies provoke them again, that they will become rifles and bombs to resolutely safeguard and defend the great General Kim Chong-il who is our destiny and future, that they will bestow death upon the enemies a thousandfold, and that, thus, they will uphold the general in a reunified fatherland.

At the gathering held in front of the tower of fallen People's Army soldiers, Paek Myong-ki, double hero of the Republic, and Kim Yong-hyon, hero of the Repbulic, who performed exploits during the fierce fatherland liberation war by upholding the great leader's order in mopping up the enemies with chuche battle methods like surprise attacks and tunnel battles, told youth and students about their battle experiences.

Pak Yong-chol, student at Pyongyang Yonggwang senior middle school; Kim Chol-min, chairman of the party at Pyongyang Changchon senior middle school; O Chol-chon, student at Pyongyang Sosong senior school; and many other students made an oath to more firmly prepare themselves to become the youth vanguard of the party which fights to the end for our respected and beloved General Kim Chong-il by following the indomitable self-sacrificing spirit displayed by heroic fighters who devoted themselves to the order of the respected and beloved Generalissimo during the fatherland liberation war.

By shouting the slogans, "Let us become bullets and bombs which resolutely defend the respected and beloved supreme commander General Kim Chong-il," "Let us youth uphold our party with singlehearted unity," and "Youth, let us reunify the country in the nineties without fail," and by singing the song, "Let us uphold our supreme commander with arms," the participants in the gatherings expressed their firm determination to vigorously traverse the road of the revolution following the respected and beloved general and the chuche revolutionary cause, generation after generation.

At the gatherings, pennants and wall hangings provided by students were delivered to war veterans.

Workers' Rally Marks 'War Victory'

SK2707062294 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 26 Jul 94

[Text] A workers rally was held at the Central Workers Hall on the afternoon of 26 July to commemorate the 41st anniversary of the victory in the great fatherland liberation war achieved by the outstanding leadership of the respected and beloved leader Comrade Kim Il-song, the ever-victorious iron-willed brilliant commander and genius military strategist.

Hung in front of the hall were portraits of the great leader of our party and people Comrade Kim Il-song and the dear leader Comrade Kim Chong-il. Also placed at the hall were slogans such as: "Long Live [manse] the Great Leader Comrade Kim Il-song!" and "Long Live the Glorious Workers Party of Korea!"

Also placed at the hall were slogans reading: "Entire Party, Whole Army, and All People, Let Us Singleheartedly Unite Around the Respected and Beloved Supreme Commander Comrade Kim Chong-il!" and "Let Us Safeguard and Defend, To the End, and Add Luster to Socialism Which We Have Achieved With Blood Under Rigorous Ordeals!"

Present at the rally, along with workers from various walks of life, were functionaries in the relevant sectors, including Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea.

The rally began with the chorus of songs "General Kim Il-song" and "Dear Comrade Kim Chong-il."

Chairman Chu Song-il delivered the opening speech at the rally.

[Begin Chu Song-il recording] The great achievement of the war victory is shining forever as an immortal feat in the great leader Comrade Kim Il-song's sacred life that had been devoted only to the fatherland's freedom and independence. Along with his feat in the fatherland liberation, such feat of his is recorded forever in the history of the fatherland as the glorious great work—for the second national liberation—which drove away the imperialists' invasion and defended the national sovereignty.

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Our people's fatherland liberation war was the great revolutionary war which demonstrated the dignity and prestige of the independent people, while driving away a bout of the armed invasion by the imperialists, who were boasting of being the most powerful in the world, for the first time in history under the outstanding leadership of the distinguished leader.

The victory of our people in the fatherland liberation war was the victory of the faith and will of the revolutionary people under the great leader's leadership.

Our people, who were liberated not long before, and the People's Army, which was still in its infancy as the regular armed forces, were able to win a brilliant victory in the fierce revolutionary war against the (?formidable) enemy, the ringleader of imperialism. This was thanks only to the wise leadership of the great leader Comrade Kim Il-song, the legendary hero of anti-Japanese struggle and ever-victorious iron-willed brilliant commander, who had led the Korean revolution along the single road to victory while cutting his way through the rigorous storms of the revolution, and to the unflinching faith and will of our people and People's Army that so long as the leader [suryongnim] is standing at head, they can smash any kind of aggressors and win victory by all means.

At a time when there arose rigorous ordeals of the war on which the fate of life and death of the fatherland and people depended, Comrade Kim Il-song, the great military strategist, drove away the armed invasion of the imperialists' combined forces and brilliantly defended the independence and prestige of the fatherland by leading the armed forces and people to the victory of war, while bearing the burden of war on his own shoulders. [applause] [end recording] He continued to say: Today, our workers are faced with the noble revolutionary task to achieve the fatherland's reunification and the revolutionary cause of chuche to the end by more vigorously accelerating the revolution and construction, while turning their great sorrow of having parted forever from the great leader Comrade Kim Il-song into strength and courage by hundreds upon thousands of times, loyally upholding the leadership of the dear leader Comrade Kim Chong-il.

He stressed: All workers should thoroughly carry through the party's revolutionary economic strategy by achieving great revolutionary upsurges in all sectors of socialist construction with the indomitable struggle spirit and vigor—which they displayed in the days of the war, loyally upholding the leadership of the respected and beloved supreme commander Comrade Kim Chong-il, the great man among great men.

(Yi Yong-chae), an instructor at the Pyongyang packing materials for foodstuff plant, who participated in the war, spoke next.

[Begin (Yi Yong-chae) recording] The more we old war veterans, who were cutting our way through the showers of bullets and shells in the war right under the great leader Comrade Kim Il-song's matchlessly resourceful military leadership, look back upon the days of the war, the hotter we really feel our heart become to see the immortal achievements won by the great leader.

In reality, the past three year-long fatherland liberation war was a great revolutionary war—which carries significance in world history—in which our people vanquished the U.S. imperialists, the ringleader of the world's imperialists, and defended their fatherland for the first time in history by waging an all-popular heroic struggle under the wise leadership of the great leader.

Our People's Army and people, who rose with mountain-like mettle to the great leader's call "All Things for the Victory of War!" dealt a merciless devastating blow, with single heart and mind, to the U.S. imperialists, the aggressors, in the sky, on land, and in the sea, and achieved brilliant feats in every battle.

By winning victory in the great fatherland liberation way, our People's Army and people clearly displayed that the Armed Forces and people under the leadership of the great leader are invincible, and that nothing can break the might of the people who are firmly singleheartedly united around the leader [suryong]. [end recording]

He continued to say: With the faith in sure victory that so long as only the respected and beloved supreme commander General Kim Chong-il exists, we will win victory by all means, no matter what raging wind may blow and no matter how many times the world may change, we will devote everything to achieving the fatherland's reunification in the nineties and carrying through the revolutionary cause of chuche to the end, upholding the dear comrade leader, our fate and life.

(Kim Pong-nye), a worker of the Pyongyang general spinning and weaving plant and a labor hero who was a servicewoman in the war, spoke next.

She said: The victory of our people in the past fatherland liberation war was the historic victory which mightily displayed their firm faith that if the great leader exists, they will win victory by all means against any kind of enemies; and the fact that there is no one in the world who can cope with the people that have risen to defend national sovereignty and dignity.

She continued to speak:

[Begin (Kim Pong-nye) recording] It was an experience, which I had with my heart, that so long as General Kim Chong-il, the great iron-willed brilliant commander, exists, we can win victory by all means against any kind of enemies.

I will loyally hold in high esteem the dear comrade leader by vigorously waging the battle to produce materials for clothes, turning the grief over the great leader's death into might and courage and upholding the great leader's lifetime intentions. [end recording]

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(Yang Chun-sik), a worker of the Tongdaewon clothing plant, spoke next.

[Begin (Yang Chun-sik) recording] I am the fourth generation of the revolution who neither participated in the war ignited by the U.S. imperialists nor in the difficult restoration and construction work after the war.

This notwithstanding, we, the working class of the new generation, well know in what way our singlehearted unity, which is envied so much by the people of the world, and all creations on this land have been created and what precious prices were paid for them.

Therefore, we of the new generation, clearly know: It is the noble duty of us, the new generation, to defend to the end, and add more luster to, these revolutionary gains, which our fathers and mothers gained with blood, firmly uniting around the great leader and the dear comrade leader, and to achieve the historic cause of the fatherland's reunification. It is also the honorable work to put into realistic bloom the far-sighted ideas of the great leader who cared for people and the fatherland.

As did the numerous heroic warriors, known or unknown—including the hero (Yi Su-tok) who blocked the gun muzzle of the enemy while shouting "Long Live General Kim Il-song!"—in the past fatherland liberation war, we are the guns and shells of the revolution who should serve as guns and shells for the respected and beloved supreme commander General Kim Chong-il, and for the fatherland and people. [end recording]

He continued to say: Regarding, as our lifelong personal mottoes, the great leader Generalissimo Kim Il-song's last teachings, we will firmly prepare ourselves as guns and shells to safeguard and defend the respected and beloved supreme commander General Kim Chong-il with our life, and politically and ideologically, more singleheartedly uniting around him. We will also achieve new miracles and innovations in accomplishing the party's revolutionary economic strategy.

The rally ended with the chorus of songs "General Kim Il-song" and "We Wish Long Life and Good Life to the Dear Comrade Leader."

Meeting Marks War 'Victory' Day

SK2707113394 Pyongyang KCNA in English 1109 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—A national meeting was held at the 6,000-seat theatre of the February 8 House of Culture here today to mark the 41st anniversary of the great victory of the Korean people in the fatherland liberation war.

A portrait of the great leader President Kim Il-song and a portrait of Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA], who is the illustrious leader of our party and people, were placed on the background of the platform.

It was attended by O Chin-u, first vice-chairman of the National Defence Commission of the DPRK and minister of the People's Armed Forces; Yi Chong-ok, Pak Song-chol and Kim Yong-chu, Politburo members of the Central Committee of the Workers' Party of Korea [WPK] and vice-presidents of the DPRK; Choe Kwang, vice-chairman of the National Defence Commission of the DPRK and chief of the General Staff of the Korean People's Army; and other senior party and state officials, officers and men of the KPA and working people in the city.

Also present were Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, and Koreans overseas.

Before the meeting opened, the participants observed a moment's silence to honor the memory of President Kim Il-song while the band played the music of silent tribute.

The war victory day is the day of second liberation when the Korean people repulsed imperialist aggression and defended the dignity and sovereignty of the nation.

Kye Ung-tae, Politburo member and secretary of the Central Committee of the WPK, made a report at the meeting.

The reporter expressed deepest regards and extended highest glory to the great leader Comrade Kim Il-song who founded the revolutionary Armed Forces, cutting the way through all sorts of trials and ordeals at the dawn of the revolution, led the Korean People's Army to brilliant victory and feats for more than 60 years, recording an immortal history of army building.

The reporter, authorised by Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, warmly congratulated the entire people, heroic officers and men of the People's Army and the People's Security Forces, anti-Japanese war veterans, veterans of the fatherland liberation war, disabled soldiers, demobilized soldiers and servicemen's families on the significant war victory day on behalf of the Political Bureau of the Central Committee of the Workers' Party of Korea and the party Central Military Commission.

The reporter said:

The great victory in the fatherland liberation war was a historic victory of the Korean people based on the achievements made by the respected leader Comrade Kim Il-song in the long period of building revolutionary armed forces of chuche.

It was entirely thanks to the outstanding and tested political and military guidance of Comrade Kim Il-song, a brilliant military strategist and peerless great commander, that the People's Army and people of Korea

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could win a brilliant victory in the three-year hard-fought war unprecedented in history, becoming the first to defeat the imperialist allied forces of the world.

Comrade Kim Il-song, shouldering the heavy burdens of the war, laid down wise policies and ways of increasing in every way the political, military and economic potentials of the country and enlisting and directing every effort to victory in the war and powerfully mobilized the whole party, the whole army and the entire people in the nationwide resistance against the enemy.

He put up the militant slogan "Everything for victory in the war!" and united the entire people and the KPA soldiers in one combat unit, carried out bold and resourceful operations of repulsing the surprise attack of the enemy and constantly expanded the victories in the war.

With his outstanding military wisdom and intelligence, he advanced unique strategy and tactics in each period and each stage of the war to deal constant blows at the aggressors who were boasting of their numerical and technical superiority and start them on the downhill.

By winning a great victory in the fatherland liberation war under the wise guidance of Comrade Kim Il-song, the Korean people and the People's Army powerfully demonstrated to the world the inexhaustible vitality and invincible might of the DPRK and the people's democratic system, creditably defended the freedom and independence of the country and the sovereignty of the nation and greatly contributed to defence of peace and security in Asia and the world.

After the ceasefire, Comrade Kim Il-song laid down the military line of self-reliant defence and the outstanding and unique line of promoting economic construction and defence building in parallel as required by the prevailing situation and the Korean revolution. Under the difficult and complicated circumstances, he wisely guided the work of strengthening the defence capabilities of the country with our own efforts.

Our supreme commander Comrade Kim Chong-il paid deep attention to the strengthening of the People's Army from long ago. He put forward the line of modelling the whole army on the chuche idea in keeping with the new requirement of the developing revolution and brilliantly implemented it so that a new change could take place in all spheres of chuche-based army building and military activity.

Our People's Army has been strengthened and developed to be invincible revolutionary armed forces with various branches of arms and services, powerful offensive and defensive means enough for any kind of modern war and with original, chuche-based war method. With all the people armed and the whole country fortified, we are fully prepared to cope with any invasion.

With the a-match-for-a-hundred revolutionary armed forces built by Comrade Kim Il-song with so much efforts in his lifetime and the extraordinary intelligence, unexcelled grit, outstanding strategy and wise guidance of our supreme commander Comrade Kim Chong-il, who is successfully carrying forward his great military idea and theories and his achievements in army building on an overall scale, our people and People's Army are not fearful of any worldwide upheaval and any formidable enemy and invincibility in the future is definitely guaranteed for the revolutionary cause of chuche started on Mt. Paektu, the cause of socialism.

Now we are faced with tasks to steadfastly defend and successfully inherit the immortal revolutionary feats performed by Comrade Kim Il-song in the accomplishment of the cause of the liberation of our country and the cause of independence against imperialism by leading our people and People's Army and the valuable treasure he acquired in army building.

The reporter quoted the dear leader Comrade Kim Chong-il as saying:

"It is the unshakable will of our party to comprehensively inherit all the immortal feats performed by the leader."

The reporter said:

"Let us arm ourselves more thoroughly with the revolutionary idea of the respected leader Comrade Kim Il-song!"—this is the slogan of struggle, the slogan of faith which our party and people must always hold high.

Standing at the head of our revolution is Comrade Kim Chong-il, who is triumphantly leading the revolution by fully personifying the idea, leadership traits and noble virtues of Comrade Kim Il-song and comprehensively inheriting his revolutionary feats.

All the people and officers and men of the People's Army must remain unfailingly loyal to the idea and leadership of the party, holding in high esteem Comrade Kim Chong-il, supreme commander of our revolutionary Armed Forces, as the defender of their destiny.

The entire party members, people and officers and men of the People's Army must unite closely around our party Central Committee with Comrade Kim Chong-il as its centre just as the anti-Japanese revolutionary fighters and heroic soldiers of the fatherland liberation war fought and won victory with Comrade Kim Il-song as the centre of unity and leadership. By so doing, they must fully realise what the fatherly leader Comrade Kim Il-song intended in his lifetime.

We must further strengthen and develop the People's Army to be a- match-for-a-hundred army of the leader, the party and the revolution, imbue the whole society with the spirit of attaching importance to military affairs and consolidate the all-people and all-state defence system by adhering to the party's military line the keynote of which is to train the whole army into an army

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of cadres, modernize the whole army, arm all the people and fortify the whole country.

We must put an end to the division of the country and achieve the independent and peaceful reunification of the country without fail in the '90s with concerted efforts of the whole nation in accordance with the three principles of national reunification—independence, peaceful reunification and great national unity—and under the banner of the 10-point programme of the great unity of the whole nation, which were laid down by Comrade Kim Il-song in his lifetime.

We, true to the noble intention of Comrade Kim Il-song, who devoted all efforts and energies throughout his life to the progress of mankind and peace, must strive hard to further strengthen friendship and solidarity with the world people advocating independence and build a new world independent and peaceful in accordance with idea of independence, peace and friendship.

Editorial Marks War Anniversary

SK2707053494 Pyongyang KCNA in English 0501 GMT 27 Jul 94

["Comrade Kim Il-song's Exploits in Leading Fatherland Liberation War to Victory Will Shine Forever"—KCNA headline]

[Text] Pyongyang, July 27 (KCNA)—It is 41 years since the Korean people won in the fatherland liberation war on July 27, 1953.

The Korean people celebrate this day as the day of second liberation when they repulsed imperialist aggression and creditably defended the dignity and sovereignty of the nation.

NODONG SINMUN today in an editorial dedicated to this anniversary stresses the exploits of respected Comrade Kim Il-song in leading the fatherland liberation war to victory will shine forever.

The editorial says:

The brilliant victory in the war was entirely a result of the outstanding and tested guidance of the respected leader Comrade Kim Il-song.

He wisely guided the whole party, the whole Army and the entire people to victory in the war, shouldering all the heavy burdens of the war.

The victory in the war was a precious fruition of his iron will and faith, tireless efforts and boundless devotion, and a brilliant victory of his outstanding military idea, strategy and tactics, chuche-based military tactics and commanding art.

He wrought an astounding military miracle which can hardly be seen in the biography of any famous commander or military strategist in the world. This is the greatest historical achievement for the country and the nation, the time and the revolution.

By leading the rigorous war to a brilliant victory, he saved the destiny of our people for the second time and brought the day of second liberation to our nation.

If we had failed to win in the war, we would not have defended the national independence we had achieved at the cost of lives through the anti-Japanese struggle, nor safeguarded the precious gains we had achieved in five years after the liberation and our country would have been reduced to a colony of imperialism again.

The dignity and honor of our country and the independent and creative life of our people today are linked with the victory in the great fatherland liberation war.

By leading the great war to a brilliant victory, he inspired the revolutionary people of the world with the conviction of certain victory and greatly contributed to promoting the onward movement of the age of independence.

No matter how long the time may flow, we can never forget the heavy debt we owe to the respected leader who saved the destiny of our nation for the second time by leading the war to a brilliant victory. He is with us forever.

On this war victory day, our people and the soldiers of the People's Army renew their pledge to change today's sorrow into strength and courage, remain loyal to the guidance of the dear leader Comrade Kim Chong-il, make the immortal revolutionary exploits of Comrade Kim Il-song shine forever and reliably defend the dignity of the country and the sovereignty of the nation.

Army Marches To Mark 'Victory' Day

SK2707154394 Pyongyang KCNA in English 1527 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—A march-past of units of the three services of the Korean People's Army took place at the Victory Square in Pyongyang today on the 41st anniversary of the victory of the Korean people in the great fatherland liberation war.

Large balloons were floating above the square with slogans "Long live the great leader Comrade Kim Il-song!" and "Long live the dear leader Comrade Kim Chong-il!" and the words reading "The great leader Comrade Kim Il-song is always with us" and "We serve for Comrade Kim Chong-il, the respected supreme commander!" hanging from them.

The platform was taken by Choe Kwang, vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea and chief of the General Staff of the Korean People's Army [KPA], and vice marshals of the KPA and other senior officials and commanders of the services and arms of the KPA.

Following the column of the Kim Il-song Military University, the columns of the Kim Il-song Political University, the Kim Hyong-chik Military Medical University,

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the Kang Kon Military University, and other military schools, the columns of the Army, Navy and Air Force, the column of women's anti-aircraft batteries and the column of the Mangyongdae Revolutionary School marched past the platform.

The participants of the parade were firmly determined to change the sorrow at the loss of the great leader into strength and courage and add shine to his immortal exploits in leading the Army through generations and, true to his behests, carry the socialist cause to accomplishment under the tested leadership of the Central Committee of the party headed by supreme commander Comrade Kim Chong-il.

Military march-past of KPA units also took place at the provincial seats today on the 41st anniversary of the victory in the fatherland liberation war.

Kye Ung-tae Speaks at Gathering

SK2707095994 Pyongyang Korean Central Broadcasting Network in Korean 0805 GMT 27 Jul 94

["Congratulatory report" by Comrade Kye Ung-tae, member of the Political Bureau and secretary of the Workers' Party of Korea, WPK, Central Committee, at central report meeting to mark the 41st anniversary of the victory of the fatherland liberation war at the 8 February Hall of Culture in Pyongyang—live]

[Text] [Applause] Comrades, today all the people throughout the country and officers and men of the People's Army are effecting a new upsurge in socialist construction and firmly defending outposts of safeguarding the fatherland by turning the great sorrow of the parting forever with the great leader Comrade Kim Il-song, the founder of our revolutionary Armed Forces and ever-victorious iron-willed commander, into strength and courage. Under this circumstance, we are significantly marking the 41st anniversary of the victory of the fatherland liberation war.

The commemorative day for victory of the war, which is shining with immortal feats in history of our people's glorious struggle for freedom and independence of the fatherland, is the day of a second liberation, with the 15 August national liberation, when our people repelled the imperialist aggressors and safeguarded dignity and sovereignty of the nation.

Marking this historic day, we all express the sense of loftiest respect and extend the greatest honor, with boundless admiration from the people across the country and officers and men of the People's Army, to the great leader Comrade Kim Il-song, who founded our revolutionary Armed Forces by overcoming various trials and difficulties at an early date during the arduous period when our revolution was being pioneered. He led our People's Army along the single road of brilliant victory and feats for a long period of more than 60 years, thus creating an immortal history of army building. [applause]

On the occasion of the significant day of commemorating the victory in the war, I, under authorization of Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army [KPA], and in the name of the Political Bureau of the Worker's Party of Korea [WPK] Central Committee and of the party Central Military Commission, warmly [yolyolhi] congratulate all the people and courageous officers and men of the People's Army and People's Security Forces, who have fought to defend freedom and independence of the fatherland and who are registering brilliant feats in socialist construction and in the outposts of defending the fatherland. [applause]

At the same time, I warmly congratulate the old anti-Japanese fighters, the veteran soldiers of the fatherland liberation war, the disabled veterans, and the discharged soldiers—who fought shedding their blood for the freedom and independence of the country and the honor of the nation in the days of the fierce war and who are waging a devoted struggle for the party, the revolution, the country, and the people today as well—and the families of the soldiers of the People's Army in the rear area. [applause]

At the same time, I pay homage to the heroic People's Army fighters and patriotic martyrs who died bravely fighting to defend the party, the government of the Republic, and the people's democratic system during the fierce fatherland liberation war. [applause]

Comrades, greeting the anniversary of the victory in the fatherland liberation war—the most significant war victory day in the history of the glorious anti-imperialist struggle for independence by our people and the People's Army—I cannot help giving way to deep emotion as I vividly recall the image of the respected and beloved fatherly leader Generalissimo Kim Il-song responding with a waving hand all smiles on the high platform at the site of the historic military parade marking the 40th anniversary of the war victory one year ago.

On this significant day of renewed deep emotion, the great leader Comrade Kim Il-song, the brilliant commander for all ages who led the fatherland liberation war to victory, reviewed the parading ranks of the three services of the People's Army advancing in fine array with a deep earthshaking rumble and the demonstration ranks of the 1 million masses, expressing great satisfaction and pleasure at the grand appearance of our revolutionary Armed Forces which were brought up to be an invincible, ever-victorious strong army under our party's leadership. [applause]

The great leader Comrade Kim Il-song warmly congratulated our revolutionary Armed Forces admiring and much gratified that our revolutionary Armed Forces, which were not many when they formed their first rank in the Paektu forest, were brought up to be ever- victorious iron-strong ranks in the 60 years of proud exploits,

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displaying their might as the party's army with wholehearted unity around their supreme commander. [applause]

Filled with sorrow and regret as we mark the war victory day without seeing the boundlessly benevolent and great fatherly leader, we recall with deep emotion the glorious militant course followed by our revolutionary Armed Forces under the leadership of the respected and beloved leader Comrade Kim Il-song and the immortal army building achievement made by the leader. We cannot suppress our gratitude and adoration for him.

The work of building the revolutionary Armed Forces was first initiated by the great leader Comrade Kim Il-song in our country, and has been continuously deepened and developed under the leadership of the leader with the victorious advance of the chuche revolutionary cause.

The great leader Comrade Kim Il-song, the matchless patriot and legendary hero, founded the Korean People's Revolutionary Forces, genuine people's armed forces, for the first time in several thousands of years of history of our nation under the darkest days of the Japanese imperialists' colonial rule; organized and led the 15 odd-year-long anti-Japanese armed struggle to victory, cutting his way through seas of blood and fire; vanquished the Japanese imperialists; and restored the lost fatherland to our people.

After the national liberation, the great leader Comrade Kim Il- song vigorously pushed for the cause of the building of the army, along with the cause for the building of the chuche-oriented party and the state, and strengthened and developed our revolutionary Armed Forces as invincible regular armed forces that are inheriting the revolutionary tradition of the anti-Japanese struggle, thereby firmly providing the military guarantee for the building of a new society.

The great victory of the fatherland liberation war was our people's historic victory that was achieved on the basis of the achievements that the respected and beloved leader Comrade Kim Il- song had long gained in building the chuche-oriented revolutionary Armed Forces. [applause]

The three years of war in which the Korean people—who had been liberated not long before—fought against the formidable imperialist power, which was boasting of being the most powerful in the world, was a rigorous ordeal and difficult confrontation for our people.

In such an unprecedentedly arduous war, our People's Army and people were able to smash the combined forces of the world's imperialists and to win a brilliant victory for the first time thanks only to the outstanding and tested political and military leadership of the great leader Comrade Kim Il-song, the genius military strategist and matchless great commander. [applause]

In the period of the fierce fatherland liberation war on which the fate of life and death of the fatherland and people depended, the great leader Comrade Kim Il-song put forth wise policies, ways and means to increase the country's political, military, and economic might in every way, and to organize and mobilize all strengths for the victory of war; and vigorously incited the entire party, the whole army, and all people to a nationwide resistance to annihilate the enemy, while bearing all burdens of war on his own shoulders.

The great leader Comrade Kim Il-song carried out a bold and sagacious operation of smashing the enemy's surprise attack and won endless victories in the war by putting forth the militant slogan, All for the victory of war!, and rallying all people, and the officers and men of the People's Army around single militant ranks.

At every period and every stage of the war, with the outstanding military wisdom and resourcefulness, the great leader Comrade Kim Il-song implemented original strategies and tactics, thereby dealing continued blows to the aggressors who were boasting of being numerically and technologically superior, and making them face the fate of the setting sun.

Thanks to the great leader Comrade Kim Il-song's outstanding strategies and tactics, to our-style original, chuche-oriented tactics, and to the leader's matchless resourcefulness, the soldiers of our People's Army were able to achieve the splendid feats of frustrating the enemy's surprise attack in time in the initial stage of the war and of having devastated the enemy's core organizations by launching an immediate counterattack; and they were also able to win military miracles and heroic feats, which made the world admire, by brilliantly carrying out victorious operations and battles, such as the operation of liberating Taejon—a shining example of the modern siege warfare—the struggle by the second front-line units which dealt severe blows to the enemy, and the active defensive battles fought from encampment positions.

During the fatherland liberation war, soldiers of the Army, Navy, and Air Force of our brilliant People's Army repulsed the enemy on land, in the skies, and in the sea and smashed the enemy's heavy cruisers with torpedo speedboats. They fired until their enemies were dead by intensively using their firing capability in the mountains. Using planes [as heard] and tank units in the mountains, they fired until their enemies were dead and fired at the enemy's tanks with sharp-shooting weapons. They could register these surprising feats due to the brave and diversified chuche tactics, unprecedented in the world history of war, which the respected and beloved leader Comrade Kim Il-song, an extraordinary brilliant commander, presented after keenly envisaging the lofty patriot spirit of self-sacrifice and revolutionary traits of our people and our People's Army, as well as the geological conditions of our country. [applause]

Attaching primary significance [sonchajok uiui] to the party's leadership role in the revolution and construction

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during the severe fatherland liberation war, the great leader Comrade Kim Il-song considered the work of strengthening the party organizationally and ideologically to be an important task that would influence the success of the war, and strengthen the unity and cohesion of the party ranks in every way, while appealing for loyalty to the party, thus firmly guaranteeing the party's leadership [yongdo] in the whole course of the war.

In those severe days of war, the great leader Comrade Kim Il- song, who was always with the people and solders and shared sorrow and happiness with them, moved to the forefront, penetrating into the rain of shells, and wisely organized and commanded the People's Army units' combat activities, as well as warmly encouraged fighters, who were carrying out bloody battles, caring for their meals and shelter, like their real father. By doing so, he enabled our People's Army to fight courageously in a heroic way, filled with faith and optimism, and win the fierce battles with the enemy, a life-and-death war.

The great leader Comrade Kim Il-song concentrated great efforts to consolidate the rear, while wisely leading the struggle to achieve the victory at the forefront; constantly enhanced the functions and role of the people's regime during the whole period of war; successfully guaranteed wartime production and the work of supporting battle lines; and took every possible measure to stabilize and improve the people's living conditions even under difficult war conditions.

Our people's victory in the fatherland liberation war was indeed a great victory of the respected and beloved leader Comrade Kim Il- song's extraordinary military ideas, his strategies and tactics, and chuche-oriented military tactics. It is a brilliant result of the leader's wise leadership and extraordinary tactics of leading the Army, as well. [applause]

By achieving the great victory in the fatherland liberation war under the wise leadership of the respected and beloved leader Comrade Kim Il-song, our people and People's Army demonstrated the infinite vitality and invincible might of our Republic and its people-oriented system all over the world; honorably defended the freedom and independence of the fatherland and national sovereignty; and greatly contributed to protecting peace and security of Asia and the world. [applause]

Thanks to the immortal achievement of the great leader Comrade Kim Il-song, who led the fatherland liberation war to victory, our people were rescued from the disaster of being the slaves of colonialism for the second time. The esteemed name of the leader remains in the hearts of our people and the world's progressive people as a victorious iron-clad sagacious general and the symbol of the victory of anti-imperialism by repelling two strong imperialist opponents in one generation. [applause]

In conformity with the demands of the situation after the war and our revolution, the great leader Comrade Kim Il-song presented a self-defensive military line, the basic content of which is to turn the entire army into an army of cadres, to modernize the entire army, to arm all the people, and to fortify the entire country, and the outstanding and creative line on the development of economic and defense construction. Under such difficult and complicated circumstances, he wisely led the work to strengthen the country's defense power on our own strength by further strengthening our People's Army into one-a-match-for-a-hundred revolutionary armed forces and strongly fortifying the entire country into an impregnable fortress, thereby smashed [chitpusigo] every step of the aggressive maneuvers of the imperialists and reactionaries and firmly defended the safety of the fatherland and the people.

Thanks to the wise leadership and immortal military construction achievements of the great leader Comrade Kim Il-song, our country has been able to victoriously carry out the enormous exploit of the construction of popular mass-centered socialism with the invincible and ever-victorious, matchlessly strong army and unparalleled all- people defense system, while displaying the independent, self- reliant, and self-defending might.

The respected and beloved leader Comrade Kim Il-song actively encouraged the people's struggle against the imperialists and for independence by creating great military ideology and unique strategies and tactics, extensive military achievements, and diverse experiences in the protracted and arduous struggle to lead the exploit of chuche-oriented military construction. [applause]

The chuche-oriented military construction, which was pioneered by the great leader Comrade Kim Il-song, has steadily continued under the leadership of our party and showed ceaseless development. [applause]

Our supreme commander Comrade Kim Chong-il, who has been deeply concerned about strengthening and developing the People's Army since the early days, presented and brilliantly embodied the military construction line of modelling the entire army after chuche in conformity with the new demands of the development of revolution, and brought about a new turning point in the chuche-oriented military construction and all sectors of military activities. [applause]

In conformity with the demands of modeling the entire army after chuche, the dear leader Comrade Kim Chong-il has firmly established the party's unitary ideological system and unitary leadership system within the People's Army and strengthened and developed our revolutionary forces into loyal ranks that fight on with their lives for the party and the leader [suryong], and for the fatherland and the people, and into a matchlessly strong army that can break and smash [ttaeryo pusilsu innun] any enemy.

While strengthening the People's Army by all means, the dear leader Comrade Kim Chong-il has firmly established an all-people, all-country defense system across

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the country by brilliantly realizing the arming of all the people and fortification of the entire country, and wisely led the enormous work of resolutely countering [tanhohi taecho] the enemies' new maneuvers for war of aggression by building up a strong self-defensive national defense industry. [applause]

By vigorously accelerating the modeling of the entire army after chuche, the party's leadership system is firmly established within our People's Army; the tradition of the single-hearted unity and faithfulness, which was formed in the early days of the construction of the revolutionary armed forces, is steadily continuing; the revolutionary military discipline, by which the entire army moves as one upon the order of the party Central Committee, is firmly established; and the revolutionary comradeship and ethos of unity between officers and men, army and people fill all the ranks.

Our People's Army has been consolidated and developed into an ever-victorious revolutionary Armed Forces with various military services and branches, powerful means for attack and defense, and original chuche-oriented tactics with which to successfully carry out any kind of modern warfare. Because all people have been armed and the entire country has been turned into a fortress, our country is fully prepared to cope with any kind of invasion.

Because of the one-a-match-for-a hundred revolutionary Armed Forces, which the respected and beloved leader Comrade Kim Il-song devoted all of his lifetime efforts to fostering, and of the outstanding wisdom, matchless mettle, distinguished resourcefulness, and wise leadership of our supreme commander Comrade Kim Chong-il—who is brilliantly inheriting, on a wholesale scale, the leader's great military ideologies and theories, and his achievements in army building—our people and People's Army are not afraid of any world- scale upheaval, and do not fear any formidable enemy; and the future of the victory for the revolutionary and socialist cause of chuche, which was pioneered in Mt. Paektu, is firmly guaranteed. [applause]

At this meaningful opportunity to commemorate the 41st anniversary of the war victory, reflecting the boundless feeling of admiration of all people, and the officers and men of the People's Army, I extend once again the ever-lasting and boundless glory to the great leader of our party and people Comrade Kim Il-song who had led the cause of the chuche-oriented army building to the brilliant victory, thereby achieving the fatherland's liberation; defending the country's independence and sovereignty; establishing a socialist power of independence, self-reliance, and self-defense on this land; and providing the foundation for ages to come for our revolution to victoriously march on. [applause]

Comrades, we are faced today with the honorable and heavy task to firmly defend, and brilliantly inherit, the immortal revolutionary achievements—which the great leader Comrade Kim Il-song won in accomplishing the cause of national liberation and the cause against imperialism and for independence while leading our people and the People's Army—and the precious wealth won in the army building; to more highly display our-style people-centered socialist cause; and to carry through the revolutionary cause of chuche to the end.

The dear leader Comrade Kim Chong-il has noted: Our party's firm will is to entirely inherit, on a wholesale scale, the leader's immortal achievements.

The great leader's achievements in the revolution and in army building are immortal ones that display greater vitality the further the revolution advances and history proceeds.

The firm guarantee that our revolution is capable of being ever- victorious forever lies in entirely and purely inheriting the great leader Comrade Kim Il-song's revolutionary achievements in an unflinching way. [applause]

The most precious ideological and spiritual asset handed down to our party, people, and the People's Army by the respected and beloved leader Comrade Kim Il-song is the immortal chuche idea.

The revolutionary idea of the great leader Comrade Kim Il-song, the chuche idea, is the banner of eternal victory of our party and revolution, a genuine view of the world for the people who are carrying out the revolution, and the banner of truth that guides the advance of our times. [applause]

"Let us more firmly arm ourselves with the revolutionary idea of the respected and beloved leader Comrade Kim Il-song" is a slogan of struggle and a slogan of faith that our party and people should always uphold. [applause]

We should adhere to the revolutionary idea of the respected and beloved leader Comrade Kim Il-song, the chuche idea, as the permanent guiding idea [hanggujogin chido sasang] of our party and revolution and as the only guideline for all thoughts and acts, and should fight invariably and stoutly along the single chuche road. [applause]

At the same time, we should resolutely defend and protect the chuche revolutionary traditions and the most superior popular mass- oriented socialism of our own style created by the respected and beloved leader Comrade Kim Il-song, and should eternally glorify our party, state, and revolutionary Armed Forces founded by the leader as the party, state, and army of great Comrade Kim Il-song. [applause]

Standing today at the head of our revolution is the dear leader Kim Chong-il who is leading the revolution to victory, while having completely embodied the great leader Comrade Kim Il-song's ideas, leadership trait, and noble virtue, and having inherited on a wholesale scale the revolutionary achievements made by the leader. [applause]

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Since the dear leader Comrade Kim Chong-il is standing there, the great leader's revolutionary idea will forever elucidate our road ahead. Because the dear comrade leader is with us, the leader's wisdom and braveness can remain, unchanged, as the source of feats of our people and the People's Army and the source of mass courage [taejungjok yonggi]; and thanks to the respected and beloved [kyongaehanun kui—Kim Chong-il], our people are still warmly embraced by the leader's [Kim Il-song] great bosom of love. [applause]

All the people and People's Army officers and men should uphold the dear leader Comrade Kim Chong-il, supreme commander of our revolutionary Armed Forces, as the protector of our destinies and should be endlessly loyal to the party's ideas and leadership. [applause]

The single-hearted unity with the leader [suryong] as the center is the core of our party's revolutionary spirit, and it is a firm guarantee for the eternal victory and advance of our people and the People's Army.

Like anti-Japanese revolutionary fighters and the heroic fighters of the fatherland liberation war won battles in the past by upholding the great Comrade Kim Il-song as the center of unity and the center of leadership, all party members, people, and People's Army officers and men should further advance the fatherly leader's lifelong intent by achieving the single-hearted unity around our party Central Committee with Comrade Kim Chong-il as the center.

It is an important revolutionary task we are faced with today to timely solve problems in economic construction that the great leader Comrade Kim Il-song intended and desired to solve while he was alive and to effect a great upsurge in socialist construction.

All the party members and working people should bear deep in their hearts the programmatic teachings the great leader Comrade Kim Il-song gave their sectors and their units in his lifetime, and, giving full play to the revolutionary spirit of self- reliance and fortitude, effect new upsurge in production and construction and thoroughly implement the party's revolutionary economic strategy. By so doing, they should markedly enhance the people's standard of living and comprehensively display the superiority of our-style socialism. [applause]

As an immediate task, we must develop power industry and metal industry, and make special efforts to develop railway transport. Keeping up the party's agriculture-first policy, light industry- first policy, and trade-first policy, we will effect greater innovations in the implementation of the economic task for the period of adjustment.

All functionaries, with deep awareness of their responsibility and duty as commanding personnel of the revolution, should always go among the masses, as demanded by the party's revolutionary slogan "We serve the people," share joy and sorrow with them, accelerate revolutionization, and arouse the masses to the implementation of the party's policy by setting an example and showing by practice rather than by precept.

Thoroughly implementing the party's self-defending military line, we must strengthen the People's Army and solidify the country's national defense like a fortress. This is a firm military guarantee for adding luster to the army-building achievement made by the respected and beloved leader Comrade Kim Il-song and to defend, adhere to, and further solidify and develop chuche socialism.

We must firmly maintain the party's military line, the basic framework of which is to convert the entire Army into a cadre, modernizing the entire Army, arming all the people, and converting the entire country into a fortress. By so doing, we must further strengthen and develop our People's Army into the leader's [suryongui] Army, the party's Army, and the revolution's Army of one-a-match-for-a hundred, establish all over the country an ethos of attaching importance to the military affairs, and firmly solidify the all-people and all-state defense system. [applause]

The country's reunification, as well as socialist construction, is a patriotic cause connected with our nation's destiny, which is the most important task that can never be postponed. We must bring an end to the country's division and realize the country's independent and peaceful reunification in the nineties without fail with the united strength of the entire nation under the banner of the three principles of the country's reunification—independence, peaceful reunification, and great national unity—and the 10-point program of the great unity of the whole nation, which the respected and beloved leader Comrade Kim Il-song put forth in his lifetime. [applause]

Following the noble will of the great leader Comrade Kim Il-song, who devoted his life to the progress and peace of mankind, we must further strengthen friendship and unity with the people of various countries of the world who advocate independence, and wage a vigorous struggle to build an independent and peaceful new world.

Our leader [suryongnim], who led the two revolutionary wars to victory in one generation and saved our people from the national crisis of life or death and developed a new era of growth and prosperity in this land, was with us yesterday, is with us today, and will be with us forever in the future as the leader of our revolution. [applause]

Our people's revolutionary cause that was pioneered by the great leader Comrade Kim Il-song and is guided by our party, which is endlessly loyal to the respected and beloved leader's teachings, will always be ever-victorious, overcoming any difficulties and trials. [applause]

Let us all vigorously fight on to win the victory of the socialist cause of chuche, to achieve the fatherland's

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independent and peaceful reunification, and to make the whole world independent, firmly uniting around the party Central Committee led by Comrade Kim Chong-il. [applause]

Long live the great leader of our party and our people Comrade Kim Il-song! [applause]

Long live the glorious Workers' Party of Korea, the organizer of all the victories of the Korean people and their guide! [applause]

U.S., ROK Conduct Joint 'Air War Exercise'

SK2707045994 Pyongyang KCNA in English 0450 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—The U.S. imperialists on July 25 let fly nuclear-capable F-15s and pursuit-assault planes based overseas and fighter-bombers, assault planes and reconnaissance planes of the U.S. Seventh Airforce and fighter- bombers, assault planes and observation planes of the South Korean puppet airforce, 220 in all, to the skies above Kunsan, Chonju and Nonsan areas of South Korea for an adventurous joint air war exercise against the northern half of Korea, according to military sources.

This reckless play with fire to examine the capacity of joint strikes on the North is a grave challenge to peace on the Korean peninsula.

Hanminjon Publishes 'Indictment' of Kim Yong-sam

SK2707153394 Pyongyang KCNA in English 1520 GMT 27 Jul 94

["History Will Pass Stern Judgement on Acts of Kim Yong-sam Group Contrary to Ethics and Morality; Indictment by Hanminjon Central Committee"—KCNA headline]

[Text] Pyongyang, July 27 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) on July 23 published an indictment denouncing the acts of the Kim Yong-sam group against the people, ethics and morality in cracking down with the bayonet on the mourning activities of the people of all walks of life in South Korea who are overcome by bitter grief at the death of the great leader President Kim Il-song, the Seoul-based radio Voice of National Salvation reported.

The indictment consists of "1. Anti-ethical act of firing at house of mourning", "2. Gangster-like act of wielding swords at mourners" and "3. Rude act of returning evil for good." Citing concrete facts, it says that, when the whole nation and heads of state and government, political parties, organisations and public figures of all countries were expressing deep condolences on the death of President Kim Il-song, the great leader of the nation and an elder statesman of the world, only the Kim Yong-sam group, going against this trend, fired at fellow countrymen in mourning and trampled ethics underfoot, driving the North-South relations to a phase of confrontation.

According to the indictment, after the report about the death of President Kim Il-song was published in the North at 12:00 on July 9 Kim Yong-sam issued "a special alert order" at 12:37 and then "an A-class emergency order" and "an emergency stand-by alert order", putting the whole Army, police and "government" officials on an emergency alert. And at "an emergency meeting of the state council" and "a national security meeting" he cried that everyone "must be fully conscious of his mission" and "must have a cool-headed attitude" in face of the emergency situation.

The Kim Yong-sam group has made a fuss, monitoring the "internal developments" of the North within and seeking to establish "a multi- faceted international cooperation system" without, watching the situation with strained nerves in the hope of noticing some occurrence in the North.

On the 13th, Kim Yong-sam at a confab with top brasshats ordered them to take countermeasures of the military to cope with the "internal change of the North" and "Foreign Minister" Han Sung-chu, as soon as the sad news was aired, called his counterparts of the United States, Japan and other major Western countries on the phone and begged for "maintenance of the cooperation system".

The Kim Yong-sam traitorous group also committed the beastly outrages of brutally suppressing South Korean people, branding their mourning as "an act contradicting the people's sentiments" and "destabilizing the system".

In order to put down the popular sentiments running toward the father of the nation, the Kim Yong-sam group launched a campaign of wholesale round up, taking tens of thousands of people into custody and assumed an all out suppressive offensive against the patriotic and democratic forces of all strata by invoking such fascist laws as the "National Security Law".

They walked off members of the preparatory committee for the inauguration of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) on their northern trip for expressing condolences on July 16, searched its office and houses of its officials next day and took into custody five persons related to Pomminnyon on July 18 on the charge of violation of the "National Security Law".

By throwing a police force of thousands of men into universities, they smashed incense burning places, confiscated placards of mourning, jailed mourning functions and took away student leaders and students. Now they are mounting an all out fascist offensive to destroy the South Korean Federation of General Student Councils (Hanchongnyon) on this occasion.

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And the Kim Yong-sam traitor group is throwing a wet blanket over the trend toward North-South reconciliation which had been created with much difficulty thanks to the magnanimity and broad-mindedness of President Kim Il-song and openly whipping up confrontation against the North.

They let loose a string of outbursts against reunification, drivelling that "the time, the place and the procedures of the summit talks must be discussed again from the original point" and they "have no intention to propose the restart of the promotion of the summit talks first," and framed up the anti-communist, anti- North ultra right-wing gangster organisation called "council of freedom, democracy and nation" and drove out its members on to the streets in broad daylight to openly shout the slogan "No North-South summit!"

At a time when the North was showing patience with magnanimity to realize the intention of the great President Kim Il-song in his lifetime, South Korean rulers are committing such senseless and indiscreet acts. This is a folly returning evil for good.

Kim Yong-sam urgently summoned the "defence minister", the "chairman of Joint Chiefs of Staff" and the "chiefs of general staff" of the three services to "Chongwadae" [presidential offices] on July 13 and concentrically discussed "possibility of the North's adventurism against the South and measures of the Army to cope with it" and on the 15th, made subsidized media protest that "what one feels from Pyongyang where weeping fills the air is the national heterogeneity created over the past 40 years" and "romantic illusion about reunification must be tabooed."

Even taking issue with the extension of the mourning period by the North, they cried that "it is highly probable that this step is a part of the strategy toward South Korea." At a "meeting of the state council" on July 18 they committed without hesitation the shameless act of shifting on to the North the blame for the national division and the June 25 war caused by them in league with outside forces.

This is an open declaration of confrontation against the North, the dialogue partner and an official declaration of a political war.

The Kim Yong-sam group is, indeed, a band of bastards of unknown nationality who disregard elementary ethics and courtesy handed down from the ancestors and have no blood of the compatriots and they are villains inferior to beasts.

History will pass a stern judgement on the acts of the Kim Yong- sam group against ethics and morality.

Kim Yong-sam Criticized for Remarks at Meeting

SK2607144894 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 26 Jul 94

[Unattributed commentary: "Presumptuous, Laughable Absurd Remarks"]

[Text] In the so-called talks with the Japanese prime minister in South Korea, Kim Yong-sam found fault with us again. It is just as everyone expected that no sound remark can be uttered from the mouth of Kim Yong-sam, who did not even follow the good manners of expressing condolences when the entire fellow countrymen were sunk in deep grief on the national leader's [minjogui yongsuui] grievous death, but engaged in vulgar and rash acts, thus subjecting himself to criticism.

The South Korean person in authority raved that we should open ourselves up and implement reform.

Socialism is our people's vitality and life. The great leader founded the most advanced socialist system in the northern half of the Republic reflecting the people's wish to fully enjoy an independent and creative life. The dear comrade leader is continuously adding luster to our-style socialist system centered on the popular masses.

To resolutely protect, defend, and further add luster to this great socialist system is our people's faith and fidelity, which have taken root firmly in their hearts.

To babble about silly reform and openness regarding our system and policy is outrageous. It is the defilement of our people's conviction.

As for reform and openness, it is something that should be implemented, not by the North but by the South. Although the civilian regime advocated reform and openness as one recites one's beads, nothing has changed in South Korea.

Under the civilian fascist dictatorial system, which is worse than that under the notorious regimes of the Fifth and Sixth Republic military dictatorship, the stern reality one witnesses in South Korea is that a policy of fascism, division, confrontation, and war is continuously enforced and implemented.

The South Korean social system is a stifling, closed, dictatorial system that suppresses even the people's expression of condolences before the bier of the national leader. How dare such a group urge someone to implement reform and openness?

The South Korean ruling bunch should stop presumptuous remarks and seek to solve its own problems by reforming its antipeople, antidemocratic, and antireunification fascist dictatorial system and antinational confrontational policy.

We cannot but take a serious note of the fact that Kim Yong-sam raved that North's nuclear transparency should be ensured, not only for the present and future, but for the past as well.

The nuclear issue on the Korean peninsula can be resolved only through dialogue and negotiations between us and the United States. Kim Yong-sam has no right to edge himself in it [kimyongsamun kogie kkiodul chagyogi opsumnida].

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If the South Korean ruler had a spark of hope for a smooth solution to the nuclear problem on the Korean peninsula [choson bandoui haengmunjega wonmanhi haegyoltoegirul paranun maumi kkomulmanchirado ittamyon], he should have raised issues [munjerul tulgonawassoya mattanghamnida] on removing [cholgo] some 1,000 U.S. nuclear weapons in South Korea and on deterring [choji] Japan's nuclear armament maneuver, instead of talking about the nuclear transparency or something.

The head of the U.S. Air Force Combined Space Command recently said: It is difficult for the United States to tell other countries not to possess nuclear weapons while it has thousands of nuclear weapons.

A former official of the Japan Defense Agency also said that it was irrational to raise an issue over the North's nuclear threat while ignoring U.S. nuclear weapons.

When even U.S. and Japanese people say so, far from mentioning that, the South Korean ruler is raising an outcry over suspicions on our nonexistent nuclear development. How shameless he is! He had better rather correctly reveal the true nature of themselves [South Korea] who are madly engaged in their own nuclear weapons development [chacheui haengmugi kaebare michyo toraganun chodurui chongchena ttokttokhi palkinun kosi choul kosimnida] under the nuclear umbrella of outside forces.

The South Korean ruler is trying to maintain very close neighborly relations with the guilty Japan, even by liquidating its past crimes, while building a wall against the North, where his fellow countrymen live, by ignoring requirements of etiquette in expressing condolences. He is also creating a stir by raising an outcry over our nuclear issue, which is not a problem, [amu munjedo omnun uriu haengmunje] while ignoring Japan's nuclear armament, about which the world is concerned. All this makes us doubt if he has Korean blood.

The conclusion is clear [kyollonun myongbaekhamnida]. The South Korean rulers are running toward the road of dependence upon outside forces, not national independence, and of confrontation, not national unity, in an obsolete way. The South Korean authorities feel shame for this and blush.

Socialist Youth Group Denounces Kim Yong-sam

SK2707102594 Pyongyang KCNA in English 1009 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—"We youth and students, with clenched fists, ask the Kim Yong-sam group, who refused to express condolences, if they are human beings, the wretches who took advantage of the worst misfortune of the nation for a political purpose, and declare that they are beastly villains," says the Central Committee of the League of Socialist Working Youth of Korea in a statement on July 26.

"We think it is human nature and quite natural for a partner to the inter-Korean top-level talks, Kim Yong-sam, to express condolences on the death of the respected leader Generalissimo Kim Il-song, the sun of the nation and the lodestar of national reunification peerless in our nation's history after the founding of Korea by Tangun," the statement says, and continues:

"Kim Yong-sam committed all sorts of mean and clumsy barbarism, making himself a target of denunciation by all the people at home and abroad.

"It must not go unnoticed that the Kim Yong-sam group has launched a wholesale suppression of students by labelling the South Korean Federation of General Student Councils (Hanchongnyon) as a 'pro-communist organisation benefiting the enemy' and faking up charges of 'correspondence and meeting' with 'an anti-state organisation'.

"It is human nature to understand things, calm oneself and show patience when the situation demands that. But, as regards the barbarism of the Kim Yong-sam group in firing at fellow countrymen in mourning, we can never understand and calm ourselves, nor pardon it.

"The Kim Yong-sam group must immediately stop suppressing Hanchongnyon and unconditionally release the illegally arrested students and figures of various circles.

"The wretches inferior to the brutes, who are foresaken by the whole nation, will meet a disgraceful destruction, whether they want it or not."

Paper Praying for Kim Il-song on ROK Building

SK2407090094 Pyongyang KCNA in English 0816 GMT 24 Jul 94

[Text] Pyongyang, July 24 (KCNA)—A big-letter paper praying for the repose of the soul of the great leader President Kim Il-song was pasted up on a wall of the two-storeyed building in Yongbong-tong of North District, Kwangju city, on July 19, according to Seoul-based radio Voice of National Salvation.

Mt. Paektu was painted in upper part of the paper as large as 16 times the whole paper and a portrait of President Kim Il-song 30 cm wide and 45 cm high was pasted against Mt. Paektu.

Beneath the portrait were letters written with a brush in black colour reading: "Pray for the repose of the soul of President Kim Il-song, the father of the 70 million people".

Seen under it were vertical-writing letters praising the immortal exploits of President Kim Il-song: "The legendary hero of anti-Japanese struggle, the benefactor of the fatherland liberation, the nation's guiding idea, the author of chuche idea, the great man of idea, the founder of the powerful independent and sovereign state, the incarnation of popular politics, the lodestar of national reunification, the centripetal point of great national

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unity, the genuine father of all of our 70 million follow countrymen, the outstanding leader in era of independence and a great elder statesman in world" and letters written sideways: "President Kim Il-song, a peerless patriot and the sun of the nation, will remain forever in the hearts of the Korean nation with the history of the nation."

ROK Unions Urge Government To Stop Suppression

SK2407092094 Pyongyang KCNA in English 0838 GMT 24 Jul 94

["Stop to Suppression of Labor Movement Urged"—KCNA headline]

[Text] Pyongyang, July 24 (KCNA)—The National Council of Trade Union Representatives of South Korea issued a statement July 21 urging the authorities to stop the suppression of the labor movement, said a radio report from Seoul.

The statement charged that the present "civilian"-veiled "government" is trying to solve the labor problem through such physical suppression as mobilization of police and indiscreet roundup like the military regime.

The labor policy based on physical strength will only deteriorate the labor-management relations, the statement said, urging an immediate stop to the suppression of the labor movement.

ROK University President's Remarks Criticized

SK2407091994 Pyongyang KCNA in English 0836 GMT 24 Jul 94

["Slander Against Hanchongnyon Criticized "—KCNA headline]

[Text] Pyongyang, July 24 (KCNA)—Some paid university presidents including the president of Sogang University at a recent conference of 14 university presidents at Chongwadae [presidential offices] called for suppressing and strangling the South Korean Federation of General Student Councils (Hanchongnyon), a vanguard organisation of one million students, branding it as an organisation supported by some "backstage forces." This was condemned by different circles of South Korea, a radio report from Seoul said.

The Catholic Priests' Council for Justice at a press conference July 21 defined the outcry of the president of Sogang University as motivated by prejudice and ignorance and demanded he apologize for causing a confusion among the people.

The Chondaehyop fellowship society at a press conference bemanded an open apology of the president of the university, saying his outburst was an irresponsible remark based on supposition. The human rights committee of the National Council of Christian Churches in South Korea in a statement criticized the outcry of the president of Sogang University at "Chongwadae" as a sword-brandishing of an educator against his students and demanded his apology and urged the "government" to check the developments leading to "security- oriented politics."

The meeting for the reform of Hanchongnyon at a press conference urged the authorities to stop the crackdown on the student movement, charging that the "government" and paid university presidents are distorting the fact as if the progressive movement as a whole were "manipulated" by the North.

Calls To Install Kim as Head of State Reported

OW2707042694 Tokyo KYODO in English 0358 GMT 27 Jul 94

[Text] Seoul, July 27 KYODO—A North Korean provincial radio broadcast has reported calls to install Kim Chong-il, the son and designated heir of the late North Korean President Kim Il-song, as head of state and party chief, a South Korean monitoring agency said Wednesday.

The NAEWOE PRESS quoted a broadcast in Haejoo, South Hwanghae Province, as saying that people in the region pledged last Friday to install Kim Chong-il as general secretary of the Workers Party of Korea Central Committee and state president.

The people made the call while paying tribute before the statue of Kim Il-song, said NAEWOE PRESS, the official South Korean monitor of North Korean affairs.

The broadcast also said the countless numbers of people paying respects before the statue of the late North Korean leader show "how strongly people are united under the leadership of comrade Kim Chong-il in March toward achieving revolutionary goals," NAEWOE PRESS said.

It is the first time a North Korean broadcast has referred to Kim Chong-il as general secretary of the party and president since Kim Il-song died on July 8, the agency said.

North Korea has not formally announced Kim Chong-il as its new ruler. Radio Pyongyang has scheduled a broadcast for 5 p.m. Wednesday to air a central rally marking the end of the 1950-53 Korean war and may offer a clue to the new leadership, analysts said.

Radio Broadcast Calls Kim Chong-il President

OW2707030594 Tokyo KYODO in English 0251 GMT 27 Jul 94

[Text] Seoul, July 27 KYODO—A North Korean local radio station has quoted residents in South Hwanghae Province as calling Kim Chong-il party chief and head of state, a South Korean news agency reported Wednesday.

It is the first official reference to such titles for the son of the late President Kim Il-song, according to the

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NAEWOE PRESS, an official news agency that monitors developments in North Korea.

NAEWOE PRESS said the provincial radio station reported Tuesday that local members of the ruling Workers Party of Korea and other residents visited the late president's bronze statue there to show their respects and called his son party general secretary and president, both titles carried by the father.

TV Shows Rally Lauding Kim Chong-il's Mother

OW2707045594 Tokyo NHK General Television Network in Japanese 0300 GMT 27 Jul 94

[Announcer-read report; from "NHK News" program]

[Text] North Korea's Korean Central Television Station has broadcast video of a rally lauding Kim Chong-suk, mother of Secretary Kim Chong-il.

This was broadcast by the North Korean television station yesterday. Yesterday is said to be an anniversary of the day the late Madame Kim joined the Workers' Party of Korea. The people in the rally were seen pledging support for Secretary Kim Chong-il pursuant to the intention of President Kim Il-song.

The late President Kim Il-song is known as having defined his own family as a family of revolutionaries in a publicity campaign to build up the positions of the Workers' Party and the government. The broadcasting of video lauding Madame Kim Chong-suk this time is something which underscores that Kim Chong-il is moving in as a successor to power.

Citizens, Soldiers Pay Respects to Kim Chong-suk

SK2707053294 Pyongyang KCNA in English 0453 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—An endless stream of Pyongyangites and soldiers of the Korean People's Army, sorrowful at the sudden death of the great leader President Kim Il-song is flowing to the Revolutionary Martyrs' Cemetery on Mt. Taesong on the outskirt of Pyongyang, where anti-Japanese revolutionary martyrs, who were intensely loyal to the leader, are lying buried.

More than 100,000 people including senior party and government officials and anti-Japanese revolutionary fighters visited the bronze bust of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter, from noon July 20 to noon July 26 alone.

They laid wreaths and flowers beneath her bust and manifested their unshakable will to learn from her exemplary loyalty and remain loyal to the dear leader Comrade Kim Chong-il, who is their destiny and future, upholding him as the supreme leader of their party, state and army.

More International Condolences, Embassy Visits

SK2407085894 Pyongyang KCNA in English 0812 GMT 24 Jul 94

[Text] Pyongyang, July 24 (KCNA)—Messages of condolence came to DPRK missions from foreigners and international organisations on the death of the great leader President Kim Il-song.

They came from the daughter-in-law and grandson of Comrade Mao Zedong, the Jilin Provincial People's Government of China, the Yanji City Committee of the Communist Party of China, the Yanji City People's Government of China, the president of the Vietnamese Institute of Philosophy, the chairman of the National Defence Support Association of Mongolia, the chairman of the Workers' Party of Mozambique, the speaker of the Zambian National Assembly, a former finance minister of Austria, a secretary of the French Socialist Party, the chairman of the Britain-Korea Parliamentary Friendship Committee, the acting commander of the Pacific Fleet of Russia, the chairman of the U.S. Rockefeller Foundation, the representative of the American Friends Service Committee to the United Nations, the international organisation of legal metrology and many other political parties, organisations, individuals and international organisations.

They said although President Kim Il-song passed away, his immortal exploits will remain forever in the hearts of the world people.

They expressed the belief that the revolutionary cause of the great leader will be accomplished creditably by the dear leader Comrade Kim Chong-il.

Overseas Koreans Express Condolences

SK2307113594 Pyongyang KCNA in English 1056 GMT 23 Jul 94

[Text] Pyongyang, July 23 (KCNA)—About 60 U.S.-resident Koreans from 44 organisations including the alliance of the Movement for Independence and Peaceful Reunification in New York expressed deep condolences at the DPRK mission in the United Nations, and retired Lt. General Hwang Song-pok and his family, manager of the Insam (ginseng) Company Kim Yi-cha in Uzbekistan and U.S.-resident Korean Yi Hong-no at the DPRK Embassy in Uzbekistan on the death of the great leader President Kim Il-song.

They made entries in the mourner's books.

A memorial service for President Kim Il-song was held in-Moscow with representatives of Korean organisations in attendance.

Yi Tong-chol, chairman of the Korean Association (Unity) in Russia, made a memorial address, followed by speeches of Om Kyong-sil, vice-chairperson of the International Korean Association (Unity), Pae Liziya, chairperson of the Korean Women's Society in-Moscow, and other Koreans.

The speakers said the chuche cause started and led by the fatherly leader is being creditably carried forward by the dear leader Comrade Kim Chong-il and that they would uphold the dear leader in the future, too.

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Kim Tong-hwan, editor-in-chief of the Atlanta Asia news in the United States, sent a message of condolence to Comrade Kim Chong-il.

Lebanese Communist Party, More

SK2407085294 Pyongyang KCNA in English 0804 GMT 24 Jul 94

[All names are as received]

[Text] Pyongyang, July 24 (KCNA)—Messages of condolence came from foreign party leaders on the death of the great leader President Kim Il-song.

They came from Farouk Dahrouj, general secretary of the Central Committee of the Lebanese Communist Party, President Angel Castro Lavarello and General Secretary Tani Baler Lopera of the National Executive Committee of the Left Revolutionary Union of Peru, General Secretary Leopoldo Grullon and International Secretary Felipe Baez of the Central Committee of the Dominican Communist Party (Marxist-Leninist), Chaudhry Hamid Nasir Chattha, president of the Pakistan Muslim League, Yacob Zayadine, general secretary of the Central Committee of the Jordanian Communist Party, Amoussouvi Vigniko Amedegnato, secretary general of the Togolese People's Rally, Mohammad Asghar, chairman of the Pakistan Islamic Democratic Party, P. Narayan Chaudhry, chairman of the Communist Party of Nepal (Marxist), General Secretary Guzman Rivera Castaneda, Organisational Secretary Carlos Brugos Rivera and International Secretary Luis Flores Silva of the Revolutionary Socialist Party of Peru, Otete Gaston Mboyo, national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire, Aime Dieudonne Mambo Mulop Mbau, national chairman of the National Party of Assembly for the Social Development, and Joseph Mukenge Ndibu Lungenica Tshileya, national chairman of the Assembly of Democratic People, on behalf of the Congolese Left League of Zaire, and Leon Nzokene, general secretary of the Congolese Socialist Party.

They expressed deep condolences on the death of President Kim Il-song and expressed the belief that the Korean people would accomplish the great leader' cause under the wise leadership of Comrade Kim Chong-il.

Foreign Party Leaders to WPK

SK2407085694 Pyongyang KCNA in English 0808 GMT 24 Jul 94

[All names are as received]

[Text] Pyongyang, July 24 (KCNA)—Messages of condolence came to the Central Committee of the Workers' Party of Korea [WPK] from K.P. Silva, general secretary of the Central Committee of the Sri Lankan Communist Party, Khaled Bagdash, general secretary of the Central Committee of the Communist Party of Syria, Rashed Khan Menon, general secretary of the Central Committee of the Workers' Party of Bangladesh, Youssef Faysal, general secretary of the Central Committee of the Syrian Communist Party, and the Central Committee of the Communist Party of Brazil on the death of the great leader President Kim Il-song.

Messages of condolence also came from Makoto Tanabe, member of the House of Representatives and former chairman of the Japan Social-Democratic Party, Harilaos Florakis, honorary chairman of the Communist Party of Greece, Milos Jakes, former general secretary of the Central Committee of the Czechoslovak Communist Party, Co-chairmen Susan Bailey and Bill Doures of the U.S. Get Out of Korea Committee, and other officials of political parties and public organisations.

They said the death of President Kim Il-song was a great loss not only for the Korean people but also for the progressive people of the world.

They expressed the belief that the Korean people will creditably accomplish the revolutionary cause of President Kim Il-song under the tested guidance of the dear leader Comrade Kim Chong-il.

Foreign Officials Visit Embassies

SK2207115094 Pyongyang KCNA in English 1039 GMT 22 Jul 94

[Text] Pyongyang, July 22 (KCNA)—Senior party and government officials and public figures of different countries paid condolence calls at the Korean Embassies on the death of the great leader President Kim Il-song.

Cuban senior party and government officials including Jesus Montane, member of the C.C. [Central Committee], the Communist Party of Cuba and political assistant to Fidel Castro Ruz, who is chairman of the Cuban Committee for Supporting Korea's Reunification, and personages of different organizations called at the Korean Embassy in Havana on July 11 and 12.

Among visitors to Korean Embassies were also Vietnamese party and Government delegations including a delegation of the Control Commission of the Communist Party of Vietnam led by its Chairman Do Quang Thang, who is Politburo member and secretary of the party Central Committee, Mozambican political and public figures including Manuel Jose Antonio, minister of interior and chairman of the Mozambican Committee for Friendship With the People of the DPRK, and other political and public figures of Mozambique, Minister of Industries and Production Mohammad Asghar Khan and other public figures of Pakistan, Chairman of the National Council of the Parliament Beni Bahadur Karki and other political and public figures of Nepal, chairman of the Angolan Democratic Forum Jorge Chicoti and other senior officials of Angola, the general secretary of the Indian National Congress Party (I) and other political and public figures of India, and Celine Ratsiraka, wife of former president, and other public figures of Madagascar.

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The mourners laid wreaths and bouquets before the portraits of President Kim Il-song and observed a moment's silence expressing deep condolences and made entries in the mourner's book.

More Services for Kim Il-song Held Abroad

SK2407090394 Pyongyang KCNA in English 0823 GMT 24 Jul 94

[Text] Pyongyang, July 24 (KCNA)—Memorial services for the great leader President Kim Il-song were held in Antananarivo, Madagascar and by the Arab Art, Culture and Information Association of Egypt, the Barbados Committee for Friendship and Solidarity with the Korean People and Barbados group for the study of the chuche idea of Comrade Kim Il-song, the Peruvian group for the study of the literary and art idea of Comrade Kim Chong-il, and the Nepalese Academy of Sciences from July 13 to 21.

The participants in the memorial services observed a silent tribute to the memory of President Kim Il-song with deep condolences.

Pauji Abudel Hamid, director general of the Ministry of Education of Egypt, said in his memorial address:

President Kim Il-song was the prominent leader of the century who put forward the lines of independence, self-support and self-reliance in defence and built a peculiar socialism in Korea with his strong will and wise leadership.

His Excellency dear Kim Chong-il is wisely leading the revolution and construction, taking upon himself all state affairs to meet the desire and will of the Korean people.

We believe that the Korean people will accomplish the revolutionary cause started by the great President Kim Il-song, under the wise leadership of His Excellency dear Kim Chong-il.

Madhav Kumar Nepal, general secretary of the C.C. [Central Committee], the Nepal Communist Party (United Marxism-Leninism), said:

Comrade Kim Il-song devoted all his life to the freedom, emancipation and happiness of the popular masses and made a distinguished contribution to the communist movement.

We have lost the outstanding leader of the proletariat the world over.

The whole life of Comrade Kim Il-song is the precious example and the pattern of a revolutionary and he was a genuine patriot and a close friend of the people.

In the meantime, memorial services took place in Moscow and London and by the party of the congress for the independence of Madagascar, the Jamaican Peace Council and the Jamaica-Korea Friendship Association, the Costa Rica-Korea Institute of Friendship and Culture, the Guyanese National Committee for the study of the chuche idea of Comrade Kim Il-song, the Trinidad and Tobago-Korea Friendship and Solidarity Association and the Rufiji Basin Development Authority of Tanzania.

India, Zimbabwe, Cameroon, Mozambique

SK2207120594 Pyongyang KCNA in English 1044 GMT 22 Jul 94

[Text] Pyongyang, July 22 (KCNA)—Memorial services for the great leader President Kim Il-song were held in different countries.

The Central Committee of the Indian Communist Party (Marxist) held a memorial service on July 16.

The participants observed a moment's silence expressing deep condolence on the death of President Kim Il-song.

General Secretary of the party H.S. Surjeet said in his memorial address:

As the great Comrade Kim Il-song passed away, the international communist, socialist and working class movements have lost the most outstanding leader of the present century.

The death of Comrade Kim Il-song is the biggest loss not only for the Korean people but also for the revolutionary, progressive and peaceloving people of the world.

The brilliant exploits and merits of the great leader Comrade Kim Il-song, who had staunchly fought against imperialism and neo-colonialism, founded the chuche idea, the true guiding idea of mankind, and devoted his all to the final victory of socialism, will be recorded forever in the history of the international communist movement.

We believe that Comrade Kim Chong-il, the dear leader of the Korean people, will successfully carry forward the revolutionary cause of Comrade Kim Il-song, wisely guide the world's cause of socialism and lead the DPRK to prosperity and progress.

Memorial services were also held in Harare of Zimbabwe and Cameroon.

Memorial addresses stressed that the immortal feats of President Kim Il-song would remain forever in the hearts of the world's people.

Meanwhile, the Maputo city committee of the Mozambique Liberation Front Party and the Mozambican Committee for Friendship With the People of the DPRK, the artists' group in-Moscow and the U.S. get out of Korea committee issued statements on the death of President Kim Il-song.

Military Delegation Reportedly Toured PRC

OW2207202694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Jul 94 Morning Edition p 8

[By reporter Hiroyuki Akita]

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[Text] Beijing, 21 Jul—A military delegation (led by Choe Kwang, chief of the People's Armed Forces General Staff) from the DPRK (North Korea) was hosted by the Chinese Government and given a tour of special economic zones in Shenzhen and other regions when the delegation visited the PRC in early June, according to a Chinese source on 21 July. At the time, there was mounting world opinion favoring the imposition of economic sanctions against the DPRK in connection with the latter's suspected development of nuclear weapons. Therefore, it is generally believed that the PRC went to the trouble of setting up the tour to persuade the North Korean militarists who are said to be "diplomatic hardliners" to recognize the importance of the policy of opening up.

Choe Kwang's visit to China was his first in almost five years following his last visit in August 1989. The North Korean delegation arrived in Beijing on 6 June and stayed in China until 13 June. Details of the delegation's activities remain undisclosed except for a meeting with the Chinese leadership, including President Jiang Zemin.

There are also reports that Hwang Chang-yop, secretary of the Workers Party of Korea, toured special economic zones and other areas when he visited China last January.

Greetings Sent to Egyptian President

SK2207215494 Pyongyang KCNA in English 1511 GMT 22 Jul 94

[Text] Pyongyang, July 22 (KCNA)—The Central People's Committee of the DPRK sent a message of greetings today to Egyptian President Mohammad Husni Mubarak on the 42nd anniversary of the July 23 revolution, the national holiday of the Egyptian people.

The Central People's Committee of the DPRK in the message said it values the special intimacy the respected leader Comrade Kim Il-song had with the respected Egyptian president and expressed the belief that the excellent relations of friendship and cooperation between Korea and Egypt would continue to develop on good terms.

It wished the Egyptian president and people greater success in the efforts to achieve national prosperity, develop the economy and find a fair solution to the Middle East problem.

Greetings Message Sent to Colombian President

SK2207120994 Pyongyang KCNA in English 1101 GMT 22 Jul 94

[Text] Pyongyang, July 22 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea on July 21 sent a message of greetings to President Cesar Gaviria Trujillo on the independence day of Colombia.

Greetings Sent to Zaire's New Ministers

SK2307044794 Pyongyang KCNA in English 0426 GMT 23 Jul 94

[Text] Pyongyang, July 23 (KCNA)—Kang Song-san, premier of the Administration Council, sent a message of greetings to Leon Kengo wa Dondo upon his appointment as prime minister of the Interim Government of the Republic of Zaire.

Kang Song-san in the message expressed the belief that the excellent relations of friendship and cooperation between the two countries will continue to be strengthened and developed in the future, too and wished the prime minister success in his responsible work.

Foreign Minister Kim Yong-nam sent a message of greetings to Lunda Bululu upon his appointment as foreign minister of Zaire.

South Korea

Carter Says No Plans To Visit DPRK

SK2707001594 Seoul YONHAP in English 0001 GMT 27 Jul 94

[Text] Washington, July 26 (YONHAP)—Former U.S. President Jimmy Carter has no immediate plans to visit North Korea, his aide said Tuesday.

The aide, who is responsible for public information at the Carter Center in Georgia, made the comment in response to reports that the former American leader would return to Pyongyang.

He said at the moment Carter was not planning to visit North Korea, adding vaguely that he did not know whether his schedule might change next month.

Carter had hoped to visit Pyongyang to pay his respects to the late North Korean President Kim Il-song, but was reportedly refused entry by North Korean authorities as the timing of his visit was inopportune.

Foreign Minister Meets With U.S. Official

SK2707010794 Seoul YONHAP in English 0048 GMT 27 Jul 94

[Text] Bangkok, July 27 (YONHAP)—U.S. Deputy Secretary of State Strobe Talbott said Tuesday that Washington will emphasize at next month's talks with Pyongyang that inter-Korean dialogue carries the same weight as the U.S.-North Korea channel.

In talks with South Korean Foreign Minister Han Sung-chu, the two sides agreed that inter-Korean dialogue is necessary to guarantee the transparency of the North Korean nuclear program, Han's spokesman Chang Ki-ho said.

Han and Talbott met here as Pyongyang and Washington get ready to resume the third round of high-level talks

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from Aug. 5 in Geneva. They came here to attend the ministerial conference of the Association of Southeast Asian Nations (ASEAN).

Han pointed out that both inter-Korean and Pyongyang-Washington dialogue channels were open when the late North Korean leader Kim Il-song was alive but the former channel is now uncertain, Chang said.

Talbott told Han that close South Korea-U.S. cooperation, transparency in North Korea's nuclear activities and U.S.-North Korea talks are Washington's top priority, Chang said.

North To Ask for 'Practical Plan' During Talks

SK2707030594 Seoul KBS-1 Radio Network in Korean 0133 GMT 27 Jul 94

[Text] Quoting a source from the North Korean mission in the United Nations, Japan's YOMIURI SHIMBUN reported today that North Korea hopes that, during the U.S.-North Korean high-level talks slated for 5 August, the United States will be able to present a practical plan to compensate for North Korea's economic loss that may result before it introduces technology for a light-water reactor.

The paper reported: This indicates that the North Korean side intends to ask the United States to ease or lift its economic sanctions to North Korea over the next six to 10 years until technology for the light-water reactor is introduced, and that North Korea hopes that regarding energy supply, the United States supply technology for a power transmission system, as well as a technology for coal excavation.

Dissidents Protesting U.S. Bases Attacked

SK2707103094 Seoul YONHAP in English 1026 GMT 27 Jul 94

[Text] Songtan, July 27 (YONHAP)—About 30 members of a dissident organization campaigning against U.S. military bases in Korea were attacked by some 40 nearby shop owners in front of the U.S. Air Force K-55 base near here Wednesday [27 July] morning.

Chang Yong-kwan, age 25, of the Kyonggi South Promotional Headquarters of the Pan-national Conference (Pomchubon), suffered a cut in the eye rims in the clash and five to six others of the headquarters were battered by the shop owners.

The Pomchubon members were about to deliver to U.S. military authorities a message demanding the eradication of crimes involving American service members and the return of U.S. military bases around 11 a.m. when nearby shop owners attacked them throwing vinyl bags containing dirt at them.

After the clash, the Pomchubon members marched to the Pyongtaek police around 1 p.m. where they staged a sit-in demanding a police apology for "conniving at and abetting violence" at a lawful assembly.

In the message made public in front of the U.S. air base, Pomchubon also asked for an amendment or repeal of the Status of Forces Agreement and replacement of the Armistice Agreement with a peace agreement.

Kang Song-san Relative Reportedly Defects to South

SK2607234794 Seoul KBS-1 Radio Network in Korean 2200 GMT 26 Jul 94

[Text] It has been learned that a relative of Kang Song-san, premier of the North Korean Administration Council, recently defected to our country. He is currently under investigation.

Details of the defector's personal background and identity will be revealed after the ongoing investigation is completed. The government plans to make an official announcement of the defection itself soon.

More on Defection

SK2707005994 Seoul YONHAP in English 0053 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—A son-in-law of North Korean Prime Minister Kang Song-san defected to South Korea in May, the Agency for National Security Planning (NSP) said Wednesday.

Kang Myong-to, 36, vice president of a trading company under the control of the presidential palace, sought asylum in the South through a third country, according to the NSP.

Kang will hold a news conference at the press center in downtown Seoul at 2:00 P.M. Wednesday to reveal the reason for his defection and to talk about the North Korean leadership.

Another defector, Cho Myong-chol—the son of former North Korean Construction Minister Cho Chol-chun—will take part in the press conference.

North Korean Premier Kang Song-san, 63, a maternal cousin of the late Kim Il-song, is ranked number 3 in North Korea's hierarchy.

Details of Defection

OW2707074294 Tokyo KYODO in English 0722 GMT 27 Jul 94

[Text] Seoul, July 27 KYODO—A son-in-law of North Korea's premier, who defected to South Korea in late May, said Wednesday that North Korea completed the construction of five nuclear bombs in 1993.

Kang Myong-do, 36, a former executive of a trading house affiliated with the presidential palace, reportedly

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defected through an unidentified third country, the Agency for National Security Planning announced earlier Wednesday.

Kang's remarks are likely to intensify concerns over Pyongyang's refusal to permit international inspections of its nuclear facilities. The United States suspects that North Korea may be attempting to build a nuclear arsenal, while Pyongyang continues to deny the suspicions.

Kang's father-in-law, Kang Song-san, is ranked third in the leadership hierarchy and is a known confidant of Kim Chong-il, the son and heir of the late North Korean President Kim Il-song. Kang Song-san was chosen by Kim as premier in December 1992.

Kang Myong-do said he was told by an official in charge of the Yongbyon nuclear complex some 90 kilometers north of Pyongyang that North Korea had five bombs in 1993 and planned to bring the total to 10 by the end of this year.

According to Kang, the nuclear official said if the bombs could be completed this year, North Korea would gain the upper hand in talks with the United States.

Kang said that Pyongyang has been stalling for time in its negotiations with the U.S. and the International Atomic Energy Agency in order to finish the building and gain an advantage in the talks.

The third round of high-level talks with the U.S. is scheduled to resume Aug. 5 in Geneva, after being suspended July 9 following the death of President Kim Il-song.

Relative on Nuclear Program

SK2707091594 Seoul YONHAP in English 0856 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—North Korea had already developed five nuclear warheads by the end of 1993 to complete its nuclear weapons program for this year and will eventually begin mass production, two North Korean defectors said Wednesday.

They also expected that Kim Chong-il would remain in power over a prolonged period of time as he has exercised complete control since 1985, adding that his regime's fate would depend on the success of his economic policy and ability to supply food.

The defectors are Kang Myong-to, a son-in-law of North Korean Prime Minister Kang Song-san—No. 3 man in the current hierarchy behind Kim Chong-il and O Chin-u—and Cho Myong-chol, the second son of former construction minister and current representative of the Supreme People's Assembly Cho Chol-chun.

Kang and Cho defected to the South via third countries in May and on July 18, respectively.

They held a joint press conference Wednesday afternoon at the press center in downtown Seoul.

Kang said, "North Korea has made efforts to develop nuclear weaponry in a bid to protect its establishment against possible aggression by the United States since the former Soviet Union and East European communist countries collapsed, rather than to use this nuclear development as a negotiating card.

"As far as I know, North Korea had already developed about five nuclear warheads by December last year, when I was there. I've heard the country was recently concentrating on developing long- distance missiles designed to carry the warheads."

"Kim Chong-il's nuclear policy is to make about 10 nuclear bombs before revealing (the North's) possession of the bombs to the international community. By then, the United States could not attack the North because of the North's possession of nuclear bombs and the North could use them as a card in negotiations with the United States," said Kang.

"Accordingly, Kim Chong-il sees the year 1994 as a crucial period and is trying his utmost to postpone nuclear inspections until the North manufactures as many nuclear warheads as needed," he asserted.

Kang said that he heard about the North's possession of nuclear bombs from a senior official of the Ministry of State Security in charge of the Yongbyon complex, where the controversial nuclear sites are located.

He also said he did not believe that Kim Chong-il's reign would end easily because the North Korean leader has actually controlled the North since 1985 and work to assure a successful transfer of power that started in 1973 has been completed.

Kim Chong-il, however, will have to solve such issues as serious food shortages, a devastated economy and international pressure to halt the country's nuclear program to maintain his regime, Kang said.

He also told of the power struggle within the North's military between O Chin-u, minister of the People's Armed Forces, and O Kuk- yol, chief of General Staff, saying that O Chin-u nearly died in 1987 in a traffic accident while driving home after drinking with Kim Chong-il.

O Chin-u had to leave his post unattended for a substantial period of time after the accident and O Kuk-yol emerged during the former's absence, said Kang.

Explaining his defection, Kang said he had watched for a chance ever since he was put to a concentration camp called the No. 18 management office of the national security garrison for his involvement in an internal strife of the military.

Meanwhile, Cho said his lack of confidence in Kim Chong-il's politics led him to flee the North. He added

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that he could not stand to see the various purges within the military to pave the way for Kim Chong-il's rise to power.

At the time of his defection, Kang was serving as the vice president of a trading company under the accounting department of Kumsusan Assembly Hall (presidential palace).

His father-in-law, Kang Song-san, is a maternal cousin of the late President Kim Il-song. Kang, 63, is currently premier and ranked third in the North Korean hierarchy after Kim and O Chin-u.

Cho, a former full-time lecturer in the economics department at Kim Il-song University, defected to South Korea while he was studying at a university in Tianjin. His father, Cho Chol-chun, graduated from Moscow University and is a core figure in the North Korean power structure as a delegate to the Supreme People's Congress. Formerly, he served as vice minister and minister of the Construction Ministry.

Defector's Statement Discounted

SK2707122394 Seoul YONHAP in English 1146 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—The bombshell statement by a North Korean defector here Wednesday that North Korea has already produced five nuclear warheads, has caused quite a stir among North Korea watchers and nuclear experts in Seoul.

Kang Myong-to, a son-in-law of North Korean Administration Council Premier Kang Song-san, told a press conference that in the North he heard a senior state security official in the nuclear center of Yongbyon saying North Korea possesses five nuclear warheads.

But, nuclear experts here say that even if Kang's remarks are to be accepted at their face value, more studies need to be made before determining the kind of the nuclear warheads said to have been produced by North Korea.

According to the experts, production of nuclear arms, in general, has to go through five stages: Extraction of plutonium, detonation test, combination of detonation device and plutonium, assembly of atomic bomb, and placement of warhead on delivery means.

The experts say North Korea seems to have succeeded at the first stage, that is, they are believed to have secured 12 to 15kg of plutonium enough to produce about two nuclear warheads.

But, they say, it is not clear whether the North has successfully gone through the second stage—the test of detonation device.

It is known that tons of explosion tests were held along the Kuryong River near Yongbyon. But, experts say there is no way to know if the tests were detonation tests needed in the production of atomic bombs or whether they had succeeded in the tests.

The nuclear experts say the assembly of an atomic bomb or the placement of a warhead on a delivery means requires a high degree of technology.

The experts say it therefore remains a puzzle if North Korea had succeeded in assembling atomic bombs and in placing warheads on delivery means, namely, missiles, a process which they say requires tens of thousand precision parts.

One thing almost certain is that North Korea has developed nuclear delivery means, as can be seen in the development of "Nodong Nos. 1 and 2" missiles with ranges of more than 200km and 500km, respectively.

"The nuclear weapons North Korea is said to possess could, in a strict sense, be crude-type nuclear devices rather than being nuclear weapons," a government official said in a comment on the defector's remarks.

The official added that even if North Korea possesses nuclear arms, the likelihood is that they are keeping them for demonstration purposes instead of for actual operational use.

Foreign Minister Refutes DPRK Statement

SK2707070494 Seoul YONHAP in English 0657 GMT 27 Jul 94

[Text] Bangkok, July 27 (YONHAP)—Foreign Minister Han Sung-chu said Wednesday that if North Korea intends to agree to inter-Korean dialogue only after Pyongyang-Washington talks are held, it is making a mistake.

Han, attending a post-ministerial meeting here, made the remarks to South Korean journalists and asserted that Seoul has not set inter-Korean dialogue as a precondition for high-level talks between North Korea and the United States.

The remarks came in response to a recent press conference by a spokesman for North Korea's Foreign Ministry.

Last Monday, the spokesman said, "the South Korean authorities insist that improvement in inter-Korean relations should be realized first before North Korea and the United States improve their relations. We cannot help thinking that the insistence stems from an impure motive to create an obstacle to the settlement of problems."

Noting that North Korea has already agreed to denuclearization of the Korean peninsula, Han said that if Pyongyang has the will to comply with denuclearization, it should agree to make tangible progress in inter-Korean dialogue before or during the high-level talks with the United States.

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DPRK To Broadcast Rally on Victory of War

SK2707033894 Seoul YONHAP in English 0246 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—North Korea will broadcast the central rally celebrating the 41st anniversary of the "victory of the fatherland liberation war" at 5:00 p.m. Wednesday, according to North Korean radio program guides.

The "fatherland liberation war" refers to the 1950-53 Korean war, and Wednesday marks the day the Armistice Agreement was signed.

An official at the National Unification Board (NUB) said the Kim Chong-il system may be officially inaugurated at the event.

"We are watching by which titles Kim Chong-il will be called at the event," the official said. Kim Chong-il must still assume the posts of Workers' Party general secretary and state president to completely succeed his late father, Kim Il-song.

Dailies Analyze DPRK After Kim Il-song

SK2107123094

[Editorial Report] The following is a compilation of articles and editorials from ROK vernacular newspapers published on 20 July on the post-Kim Il-song era in North Korea.

The conservative CHOSON ILBO carries on page 3 a 2,000-word article analyzing the movements in North Korea based on the 19 July funeral service. While reporting that there are no irregular movements within North Korea, the article analyzes the upgrade of Kim Song-ae, the widow of Kim Il-song, from the 104th to 14th rank on the State Funeral Committee list "strongly hints that there has been reconciliation among the relatives." The article also notes the possibility that Kim Song-ae was promoted to compromise the alienation of Kim Pyong-il, Kim Chong-il's stepbrother, and that the Kim Chong-il system is supported by all the family.

Reporting on North Korea's mood of upholding Kim Chong-il, the article states that the only thing left is the announcement of the beginning of the Kim Chong-il era which the article expects to be made on the 20 July memorial service. The article concludes that if Kim Chong-il is not called "the general secretary" or "the president," and a party plenary session or the Supreme People's Assembly is not convened after the memorial service, it will mean that there is something wrong in the power succession.

The moderate HANGUK ILBO carries on page 3 a 1,000-word editorial entitled "After the Funeral of Kim Il-song." Noting that the funeral procedures for Kim Il-song followed the example of China's Mao Zedong, the editorial reviews how Mao's death brought about the opening and modernization in China. Deeming the biggest task for the new Kim Chong-il system as the economic difficulties, the editorial writes that "following China's opening-up policy is a life-or-death task for Kim Chong-il."

The editorial expects North Korea will focus on preventing disturbance among the people for the moment and resume dialogue with South Korea in the near future. The editorial concludes that "now is not the time to hurry on with dialogue but to closely watch the movement in North Korea."

DPRK Paper Said To Publish Widow's Photo

SK2707021794 Seoul YONHAP in English 0148 GMT 27 Jul 94

[Text] Tokyo, July 27 (YONHAP)—Kim Song-ae, the widow of North Korean leader Kim Il-song and stepmother of Kim Chong-il, was ranked seventh at a memorial rally for her late husband held in Pyongyang last Wednesday.

The July 20 edition of the NODONG SINMUN, the official newspaper of the North Korean Workers' (communist) Party which was obtained by KYODO news service and other Japanese media Tuesday, carried on page two a photo showing the late Kim's widow standing third to the right of her stepson after Premier Kang Song-san and her brother-in-law, Vice President Kim Yong-chu, on the platform at the memorial rally.

The photo also shows the widow looking sharply at her stepson Kim Chong-il, who has reportedly succeeded his father as the country's new leader, while all the others on the platform are facing forward: This is, North Korea watchers here say, quite unusual.

The widow was ranked 104th in the state funeral committee for her late husband announced on July 9, and she was reportedly promoted to 14th in the funeral services on July 19 and the memorial rally on July 20.

The NODONG SINMUN photo shows People's Armed Forces Minister O Chin-u, Chairman Han Tok-su of Chochongnyon (pro-Pyongyang Association of Korean Residents in Japan) and Vice President Yi Chong-ok standing to the left of Kim Chong-il.

North Korea watchers here are split in interpreting Kim Song-ae's promotion at her husband's memorial rally: Some see it as a matter of course because of her status as the late Kim's wife, while others say it suggests North Korea's hierarchy is undergoing a delicate change.

Tsutomu Nishioka, editor of the "MODERN KOREA" magazine, showed an unusual interest in the NODONG SINMUN photo, saying that Kim Song-ae's rank was upgraded from the reported 14th to seventh, that the newspaper—which is under Kim Chong-il's influence—has rarely carried her picture and that the newspaper ran

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a photo showing her scowling at Kim Chong-il. Rumor has it that she has not been on good terms with her stepson.

Nishioka said the NODONG SINMUN's carrying the photo suggests that Kim Chong-il's authority in the North Korean leadership has decreased significantly, adding, "I suspect Kim Chong-il is facing trouble succeeding his father because of the increasing power of Kim Song-ae and Kim Yong-chu."

Network Provides DPRK Officials' Backgrounds

SK2007003894 Seoul THE KOREA TIMES in English 20 Jul 94 p 3

[Text] With public interest in North Korea increasing following the death of Kim Il-song, profiles of about 15,000 leading North Korean figures are being offered on a PC communications network.

The information on the Chollian network of Dacom Corp. about North Korea's prominent politicians, government and military officials, economic and business figures, scholars and journalists lists their personal history, hobbies, families and personal relationships, Dacom said.

The information is presented by the Unification and Security Research Institute, and the service fee is set at 300 won per minute, Dacom said.

To tap the information, subscribers will select the "43. Directory of North Korean Figures" in the "12. Business/Trade/Tax Affairs/Prices/Figures" section of the initial picture on the Chollian network.

University Presidents Voice Support for Pak

SK2307032694 Seoul YONHAP in English 0258 GMT 23 Jul 94

[Text] Seoul, July 23 (YONHAP)—In a rare show of unity, the presidents of the country's 20 major universities got together Saturday to demonstrate their support for Sogang University President Pak Hong, who recently denounced hard-line student activists for following Kim Il-song's Chuche (self-reliance) ideology.

Kim Chong-un of Seoul National University and Hong Il-sik of Korea University, along with 18 other university presidents, met at Seoul's Koreana Hotel to say, "We, university presidents, feel sympathy with President Pak Hong's remarks (on students following the chuche ideology) from our experiences and agreed to take joint steps in dealing with the matter."

In a statement released after the meeting, the presidents stressed that they would continue to cooperate in ridding society of such violent leftist movements as 'Chusapa,' followers of the North's chuche ideology.

The statement read by Hyon Sung-il of Kukmin University also said that they would activate the research committee on national reunification, which they had agreed to set up under the college education council to strengthen education on unification and ideology.

The statement urged the North not to misunderstand southern society and to stop its illusionary strategy to communize the South by making use of naive southern students.

Sogang President Pak, meanwhile, told the meeting that he had received many encouraging words and threats alike since making the controversial remarks on the presence of Jusapa at university campuses.

Park went on to thank the presidents who took part in the meeting, saying he was encouraged to see that all walks of life seem to be pointing students in the right direction.

Kukmin President Hyon Sung-il told reporters after concluding the statement, "we agreed during the meeting to strengthen all our efforts to lead students in the right direction by controlling student affairs thoroughly and specific measures will be taken through a meeting of directors of the College Education Council."

Hyon also said the presidents agreed to provide financial assistance to universities which suffer damage from violent student demonstrations.

Presidents of two-year colleges across the nation also plan to get together soon to express their support for Pak's criticism of followers of the North's juche ideology, according to academic sources.

An Association of Two-Year College Presidents is considering issuing a statement to that effect during a meeting of the association's board of directors slated for next Friday, the sources said.

"Some two-year college presidents share the view that they should make an issue of matters concerning student activism revealed by Pak Hong's remarks," said the sources. "Two-year colleges should also put together our opinions from an educational standpoint."

Dailies Review Remarks on Pro-DPRK Radicals

SK2107121294

[Editorial Report] The following is a compilation of editorials and an interview carried in Seoul vernacular newspapers on 20 July on remarks made by Reverend Pak Hong, a Jesuit priest and president of Sogang University, alleging that radical students are being manipulated by North Korea.

On page 31, the conservative CHOSON ILBO publishes reporter Kang Ho-chol's 19 July interview with Reverend Pak regarding his remarks about the students of Chusapa, those students who follow Kim Il-song's chuche idea, at a luncheon at Chongwadae, the presidential offices, on 18 July. The interview revealed that Rev. Pak disclosed at the Chongwadae luncheon: "Behind the Chusapa college students is Sanomaeng [League of South

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Korean Socialist Workers]; behind Sanomaeng is North Korea's League of Socialist Working Youth [LSWYK: Sarochong]; and behind LSWYK is Kim Chong-il."

In the 19 July interview, Reverend Pak added: "Three years ago, I witnessed firsthand North Korean people sending North Korean instructions to an office of Hanchongnyon [The South Korean Federation of General Student Councils] from their office on the third floor of the Hotel Tongdaemun in Tashkent, the capital city of Uzbekistan, via facsimile." He went on to reveal that in addition to this, there are channels through which analyses of the South Korean situation are relayed to the North and the ensuing North Korean strategies against the South are relayed to the South, in six places throughout the world, such as a Chongnyon-affiliated office in Tokyo; the North Korean mission in Vienna, Austria; and the branch office of Pomminnyon, The National Alliance for the Country's Reunification, in Berlin.

On page 3, the CHOSON ILBO also carries an editorial which reviews and comments on Reverend Pak's revelation about groups of activist radical students. The paper says that the initiative of the students' movement is in the hands of those advocating the national liberation line; and the initiative of the national liberation line is in the hands of Chusapa students, adding that Chusapa students are under the direct supervision of the officials at the Workers Party of Korea who are dealing with South Korean affairs. The paper stresses the need to make creative efforts on the part of society to have a ROK-style, democracy-minded, progressive and reformist line distinctively disconnected from the obviously revolution-minded, national liberation, or the Chusapa line.

On page 3, the moderate KYONGHYANG SINMUN carries an editorial which expresses shock toward Reverend Pak's disclosure, noting: "It is a surprise to see Sanomaeng, which seemed to have already been disintegrated, still alive, and it is a greater surprise to see it pull the wires behind the scenes in college students' ideological struggle. Furthermore, if it proves to be true that Sanomaeng is receiving instructions from North Korea's Sarochong, this is really a grave incident threatening the state's security." The paper calls upon the authorities to have a correct understanding of the Chusapa channel receiving instructions from Kim Chong-il and to take appropriate countermeasures against this.

On page 3, the moderate HANGUK ILBO carries an editorial which laments over the fact that South Korean students have become cat's-paws of North Korea in accomplishing its southward strategies. Bringing intelligence-related agencies to account for having failed to get wind of, still less to lay bare this, the paper urges the government and universities to make joint efforts to root out the Chusapa students who are hiding in general student activists.

An editorial, which is carried on page 3 of the pro-government SEOUL SINMUN, also stresses the need to round up and root out the Chusapa students from the standpoint of preserving national security.

On page 3, the left-leaning HANGYORE SINMUN carries an editorial which advocates the students' ideological propensities, stressing that university professors are responsible for guiding the students so that they can maintain their intellectual balance through free discussions, while the government is in a position to show a hard-line response to recent incidents involving some radical students. The paper finds fault with Reverend Pak and says he lacks sufficient evidence backing up his remarks against the Chusapa students. The paper notes that "what further confuses us is the subtleness of the timing of such a question raised," adding that "this is because it is difficult to discern how big the ripple effect of his remarks—that North Korea's new leader Kim Chong-il is the behind-the-scenes wire puller of the radical students' movement—will be at home and abroad." The paper comments: "We have even come to 'misunderstand' his remarks and sayimg that this may be the beginning of a new 'McCarthyism' aimed at inciting an 'anti-unification' atmosphere which has recently been being created in some parts of our society."

The paper concludes by stressing that "no matter how incapable he may be, a highest-level intellectual of an era ought not turn to political power to get legal action."

Korean-Japanese Economic Cooperation Analyzed

SK2307040894 Seoul THE KOREA HERALD SUPPLEMENT in English 23 Jul 94 pp 1, 3

[Text] Korea and Japan will continue to pursue a future-oriented bilateral economic cooperation based on economic reasoning.

Economic experts in Seoul and Tokyo maintained that what they described as a "bizarre partnership" between the Liberal Democratic party and the Socialists will not affect the friendly and cooperative ties between Korea and Japan not only in political and diplomatic areas but also in economic sectors.

"Based on this basic policy agreed upon by Korean President Kim Yong-sam and former Japanese Prime Minister Morihiro Hosokawa, the two countries should make every effort to improve our bilateral relations," a Japanese expatriate in Seoul told THE KOREA HERALD on the eve of unofficial visit to Korea by new Japanese Prime Minister Tomiichi Murayama.

The conservatives who controlled Japan for four decades until their ouster last summer came back into an alliance with their old ideological enemy by electing the head of the Socialist Party, Murayama, as prime minister.

"We have much to improve and resolve in the trade and technology sectors," the Japanese businessman who wished not to be identified said.

It was President Kim Yong-sam's administration that proposed bilateral economic cooperation based on economic reasoning last August when we met with former Japanese Prime Minister Hosokawa.

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President Kim also said he would approach bilateral economic issues from an economic, not political point of view when he met with Hosokawa in the southeastern city of Kyongju last November.

Korea's turnaround in its economic policy toward Japan apparently results from the recognition that the mixture of politics and business has produced few satisfactory results in the past.

Actions Korea has taken in its economic relations with Japan have often been "arbitrary or childish" in the past, admits a senior Korean government official.

One such action has involved the efforts made by Korea to reduce its trade deficit with Japan by restricting imports in a manner that cannot be accepted in the international community.

In a departure from such actions, Korea will take a "forward-looking" policy of improving economic relations with Japan, says Pak Chae-yun, senior presidential secretary for economic affairs.

Instead of making arbitrary efforts to reduce imports from Japan, he says, Korea will try to expand its exports and thus balance bilateral trade.

One of the first steps taken in this direction in a decision by the Korean government to phase out its policy of import diversification—a euphemism for an import ban on certain Japanese-made items.

Under its plan to halve the number of import items under the ban during the next five years, Korea reduced the number 10 percent from 258 to 230 in January this year.

The Korean government started the ban in 1978 on the grounds that it would serve as a remedial measure to the import liberalization policy.

Since then, Japan has protested against the ban which does not conform with the General Agreement on Tariffs and Trade, but its protest appears to have been only for the record.

With or without the ban, Japan has had trade surpluses with Korea since the two countries normalized relations in 1965. And the snowballing trade imbalance has had the potential of straining overall relations between the two neighbors.

Japan, which ruled Korea in 1910-45 as a colonial power, apparently knows that too much pressure would backfire.

After all, economic logic has not always prevailed in bilateral economic relations, as was shown by a Korean demand for 410 billion in loans from Japan in the early 1980s.

The Korean government argued it deserved to receive the loan as Japan was a free rider on Korea's defense against communism. Though Japan did not buy the argument, it ended up agreeing to loan $4 billion to Korea.

Now Korea promises not to make such demands. Instead, it says economic reasoning will prevail in economic relations between the two countries.

Korea has also promised not to pirate Japan's patents and other intellectual property rights. It has promised the same level of protection to Japan's pharmaceutical patents and copyrights as is accorded to those of EU [European Union] origin.

In response to the new overture from Korea, Japan says it will increase its investment in Korea and that more technology transfer will follow.

When he met with Hosokawa at a summit meeting in Tokyo, President Kim first spelled out what Korea would do on its own and then what he would like Japan to do in order to expand and balance bilateral trade, a Korean government official said.

Such an approach is in sharp contrast with the past Korean practice of making a liturgy of demands, some of which Japan has found hard to comply with.

Actions to be taken by Korea to reduce the deficit, which more than doubled from $4,042 million in 1989 to $8,451 million last year, while expanding bilateral trade will include:

—Stabilizing wages and prices to gain a competitive edge,
—Improving quality and developing technology,
—Promoting the restructuring of industries dependent non Japan for the import of intermediate products and parts, and
—Tailoring the marketing strategy for the Japanese market.

Korea hopes that Japan will cooperate in developing Korean parts and other supporting industries, which in turn will help the Japanese industries.

Such cooperation may pay off both for Korea and Japan, as the latter now finds it is cheaper to import parts and intermediate products than to produce them for itself because of the strong Japanese yen.

Japanese businesses could produce those items in Korea either for themselves or in joint ventures with their Korean partners, the Korean official says.

Another promising form of bilateral cooperation is strategic alliance between large businesses across the East Sea, the official says. Strategic alliance is emerging between Korean and Japanese electronics makers, which are trying to reduce costs, including research and development costs.

President Kim, the official says, will also urge Japan to promote domestic consumption and imports, lower

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tariff and nontariff barriers, open its domestic construction market and streamline the distribution system.

Korean policy-makers are not naive enough to believe the trade deficit will go away in the near future if Japan complies with all of their requests.

Korea forecasts its trade deficit will increase, albeit at a slower pace, to $9.8 billion in 1998.

To help resolve the trade imbalance and promote Japan's investment in Korea and their cooperation in technology, the two countries are scheduled to meet in the New Initiatives for Economic Partnership (NIEP) forum next month.

At the meeting, the two nations will attempt to coordinate their economic policies.

Cooperation at the government level will fuel cooperation between Korean and Japanese private sectors, a Korean government official says.

Business Between PRC, DPRK To Resume 21 Jul

SK2207041394 Seoul CHOSON ILBO in Korean 22 Jul 94 p 2

[By Yo Si-tong in Tandong]

[Text] China's Tandong Municipal Government revealed on 21 July that personal exchange with North Korea for business purposes which had been suspended due to Kim Il-song's death will begin from 21 July.

An official in Dandong said: "With the end of President Kim Il-song's funeral and memorial service, we decided to allow those who wish to go to North Korea's Sinuiju for official business activities to do so from 21 July onwards."

Daily on Kim's Policy Toward Labor Movements

SK2107122694 Seoul CHUNGANG ILBO in Korean 21 Jul 94 p 3

[By reporters Kim Hyon-il and Yi Sang-il]

[Text] Under the justification of establishing state discipline, President Kim Yong-sam has continued to make tough-line remarks, unlike those made in the past, against labor-management issues and leftist-leaning forces. For example, he says he will take "especially resolute measures against extremely radical labor unions of large business groups" or he will "never tolerate the Chusapa students [those students who are following the line of Kim Il-song's chuche idea]."

Under the guise of reforms, the questions of labor and management, of the South and North, and of students have been tolerated over the past year. This notwithstanding, President Kim Yong-sam has embarked upon a tough-line policy toward these questions. This is particularly noteworthy because he is taking such a policy under crises circumstances within the country. An enormously confused situation will arise if the present mess-up of the country's legal order and social discipline is left alone, and in which there are speculations that since the Kim Chong-il system is predicted to pursue a hard-line policy toward the South, it will be unavoidable to see the South-North relations remain tense for a considerable period of time to come.

Not long ago, President Kim Yong-sam refrained from taking a tough-line attitude even toward the extremely radical student activists and labor union members for fear that the image of his civilian government should be marred. But, President Kim has shown such "a change in attitude" because of the preposterous confusion created within the ROK society following Kim Il-song's death and of North Korea's attitude which has shown no change whatsoever in its strategy of southward propaganda.

In this regard, an order has been issued to round up the Chusapa students; a way has been discussed to put the law enforcement authorities into the Hyundai Heavy Industries Company pushing for an illegal labor strife; and the documents corroborating Kim Il-song's provocation of the Korean war have been made open to the public.

The government has also disapproved a plan of the "Headquarters for the Promotion of Establishing Human Chains" to mobilize one million people to link Cheju Island with Panmunjom on the occasion of this year's 15 August [the national liberation anniversary]. We can read the government's will in this point, too.

We can say that this is really a big change in view of the fact that a human-chain between Seoul and Panmunjom was made possible by the "support" of then Minister of National Unification Han Wan-sang last year. There has been an outspoken criticism among government officials against Minister Han, calling him a visionary.

But, the decisive reason why the government has turned to an ultra tough-line policy like this is, we can say, that the North Korean side's southward strategy has been brought to light.

This is based on the judgment that North Korea will only concentrate on maneuvering to create disunion within the South Korean society while heightening tension on the Korean peninsula, not seeking a solution of questions through dialogue.

It is judged that it is difficult to see the realization of dialogue, including the summit talks, for the time being.

The lawmakers of the Democratic Liberal Party [DLP] regard President Kim's tough policy as based upon his sense of responsibility and his thorough-going perception of the reality. They took, in particular, great interest in President Kim's changed perception.

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Emerging from a 19 July dinner at Chongwadae [presidential offices], Representative Pan Hyong-sik (from Yechon electoral district) said: "The president has changed remarkably. Because he has an affectionate memory of the students' movement staged during the past military dictatorships, he had tried to tolerate students with the greatest generosity even though they made big mistakes. He seemed, however, to feel that he can by no means control the students' deviating activities with such affection and tolerance."

Representative Yi Myong-pak (from the national constituency) said: "The president also seems to have a changed his perception of the labor-management questions. Up until last year, the president pointed at the responsibility on the part of both labor and management and put emphasis on their own efforts to solve such questions. But, he seems to have a big interest in the government's active role in this regard."

One DLP official, who requested anonymity, said: "Over the past year since he was inaugurated, President Kim put emphasis on differentiating himself from the former regimes in terms of his administration of state affairs. But, while sensing that there has been no notable change in the attitude of the student activists or labor union members toward the civilian government, President Kim has tilted toward a more realistic position."

Another DLP official predicted: "He will refrain from recruiting off-stage opposition figures only for the sake of 'a demonstration effect.' He will stick, particularly thoroughly, to the principle of free democracy also in dealing with the current situation."

Resolution of Labor Disputes Appears Likely

SK2307031094 Seoul YONHAP in English 0203 GMT 23 Jul 94

[Text] Seoul, July 23 (YONHAP)—The lingering labor disputes that have resulted in lockouts at half a dozen major companies may be resolved before the end of the month as unions have begun showing a willingness to compromise.

The union of Hyundai Heavy Industries Co., backing down from its policy of not negotiating with management during the current lockout period, agreed with management on Friday to resume wage talks unconditionally and to try and wind up the negotiations by Sunday.

In return, the company promised to consider withdrawing its lawsuit against union leaders in the event that wage and collective bargaining is resolved satisfactorily in the immediate future.

At Kumho Tire Co., the union, which has been on strike for nearly a month, decided on Friday to return to work beginning Saturday and to negotiate with management while working.

In addition, the unions of Kia and Asia motor companies have agreed on tentative wage agreements with management which will be voted on in several days.

The Daewoo Motor Co. Union, too, plans to put its tentative wage agreement to a vote on July 26.

Lawmaker on Issue of Constitutional Reform

SK2307032194 Seoul THE KOREA TIMES in English 23 Jul 94 p 2

[Text] Discussion of the need for allowing an incumbent president to seek one more term is cautiously heard within the ruling camp, a sensitive political issue no ranking lawmakers have dared to raise.

Rep. Kim Chin-chae, a member of the policy advisory committee of the ruling Democratic Liberal Party, raised the issue, claiming that present five-year single term system is not appropriate in view of the pressing need for reforms and volatile security development around the Korean peninsula.

In an article carried in the "Policy Study," a quarterly published by the party, the three-term lawmaker claimed that not a few [as published] lawmakers agreed on the need for a Constitutional amendment. No president will be able to carry out his political vision consistently if he is not allowed to seek one more term. Under the present Constitution, an incumbent president is not allowed to seek another term after expiration of the five-year term. And therefore, it is desirable for the Constitutional amendment to be raised openly for the good of the nation, he said in the magazine article.

The current Constitution also provides that any amendment affecting the term of presidency and the matter of seeking re-election are not to be applicable to the incumbent president at the time of the revision. Only through accommodation rather than weeding out of personnel can a reform drive be successful and be in the best interests of the nation, he said.

If personnel become the target of reform, it will only breed conflict where no national unity can be expected of at a crucially important time, Rep. Kim said. And therefore, the lawmaker argued, real reform is not merely a matter of changing personnel with the single stroke of pen. It takes time he said. From this point of view, the lawmaker said genuine reform will take time and the present five-year presidency needs to be discussed openly as to whether it fits the national reality and needs, Rep. Kim said.

In the article, Rep. Kim from Pusan stressed the need for harmony in the course of carrying out reform. He said the violent waves of reform President Kim raised upon inauguration cannot be the desirable and democratic way of reform. The high tension at the onset of the reform cannot be successfully maintained, he said.

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Semiconductor Exports Exceed 1 Billion Dollars

SK2307022494 Seoul YONHAP in English 0027 GMT 23 Jul 94

[Text] Seoul, July 23 (YONHAP)—Semiconductor exports exceeded 1 billion dollars in June, marking the first time that monthly shipments of one item have topped the 1-billion-dollar level, the Ministry of Trade, Industry and Energy said Saturday [23 July].

Exports of semiconductors totaled 1,067 million dollars in June, rising 86.6 percent from June last year and up 74 million dollars from 994 million dollars in may this year, according to the ministry.

Semiconductor exports have increased gradually this year with the amount reaching 786 million dollars in January, 764 million dollars in February, 882 million dollars in march, 966 million dollars in April, 994 million dollars in may and 1,067 million dollars in June, the ministry said.

The ministry expects total semiconductor exports to surpass 10 billion dollars this year, a sharp increase from last year's 8.6 billion dollars.

Total semiconductor exports came to 5.46 billion dollars during the first half of this year, a 60.4-percent surge from the same period in 1993.

"Exports of semiconductors have recorded a conspicuous increase rate among other export items and it is likely that monthly exports of semiconductors could exceed 2 billion dollars soon if the boom continues in the world's 16-mega DRAM market," a ministry official said.

Trade Registers 89 Million Dollar Surplus

SK2007114994 Seoul YONHAP in English 1020 GMT 20 Jul 94

[Text] Seoul, July 20 (YONHAP)—South Korea's trade registered a surplus of 89 million dollars in the month of June, the Trade, Industry and Energy Ministry announced on Wednesday [20 July].

It said that in June, exports amounted to 8,369 million dollars on a customs clearance basis, up 15.5 percent over the like period of last year, and imports to 8,279 million dollars, an increase of 9.9 percent.

It was the first monthly trade surplus so far this year.

Trade in the first half of this year showed deficits of 3,557 million dollars, a gain of 1,181 million dollars over the like period of last year.

Exports in the January-June period totaled 43,785 million dollars, up 12.5 percent over a year before, and imports 47,342 million dollars, a gain of 14.6 percent.

A ministry official said the two-digit expansion of exports so far this year was attributable to the brisk shipment of heavy and chemical industrial products and a substantial increase in exports to other developing countries.

Besides, the exports of light industrial products, which had in the past been sluggish, were recovering and so was shipment to advanced countries, he said.

By item, the exports of electric and electronic goods, fabrics, vessels and automobile parts gained more than 20 percent while those of containers, canvas shoes and textile goods declined substantially.

The six-month imports were led by capital goods whose imports rose 22.1 percent over a year before while those of consumption goods increased 19.4 percent.

Prisoners of War Reported Sent to Central Asia

SK2207123794 Seoul YONHAP in English 0849 GMT 22 Jul 94

[Text] Moscow, July 22 (YONHAP)—Many South Korean prisoners of war were sent to Central Asia during the 1950-53 Korean war, a Russian expert on the fratricidal conflict said Friday.

In an interview with YONHAP in the Russian capital, Dr. Gavriil Korotkov [name as received], a retired colonel, said many South Korean and American captives were sent to prisoner of war (POW) camps in the Soviet Union and China, with a considerable number of South Koreans going to the Central Asian region.

Dr. Korotkov is presently a senior researcher at the War History Research Institute, an organization under the Russian Defense Ministry.

He said he came to know about the POWs after being posted to North Korea with an intelligence team under the Soviet Union's Far East Army Command after the outbreak of the Korean war.

Citing various reliable channels, he said he heard at that time that many South Korean prisoners of war were sent to "warm regions" in Central Asia and kept under strict secrecy at the isolated camps.

Korotkov is the first Russian expert to mention South Korean POWs sent to Central Asia, although it is already known that most prisoners including American soldiers were shipped to Manchuria during the Korean war.

The exact number of South Korean captives, their life in the camps and their fate after the Korean war had remained strictly confidential. He offered assurances, however, that these data might be found in the documents rooms of the former Soviet Intelligence Agency, the KGB.

He even asked the KGB's library if he could see the documents, but was refused as they might have caused complicated international problems, he said.

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After the Korean war, South Korea's Defense Ministry and the U.N. Command estimated that 88,000 South Korean and 11,500 U.S. soldiers went missing during the war, with most becoming POWs.

Opposition Leader on 'Chusapa' Students, Drought

SK2307031394 Seoul THE KOREA TIMES in English 23 Jul 94 p 2

[Text] Main opposition Democratic Party [DP] chairman Yi Ki-taek said yesterday that "Chusapa," a faction of student activists that follow Kim Il-songism, should "disappear" from Korean society.

Meeting the press at a Kyongju hotel where he is staying to support his party's candidate for the by-election, Yi, however, continued to criticize the government for its lack of insight in dealing with them.

"At this time when communism has perished all over the world, it is very regrettable that some students still follow Kim Il-song's ideology of 'chuche,' or self-reliance, especially considering the nation's situation of confronting the communist North Korea," he told reporters.

However, since they are small in number, professors and colleges should first try to lead them to be awaken to reality and correct their wrongs in movement direction, Yi continued.

"It is also inappropriate for the government to cope with the issue as if it endangers the national security," he said.

The DP leader said that the government should have a long-term perspective in solving the question of "Chusapa" students, taking into account that they are "our children and younger brothers and sisters."

Regarding the recent controversy over sending condolences to Pyongyang over Kim Il-song's death, he said, "It is not wise for national opinion to be seen split at this serious moment as a new regime takes shape in North Korea."

"Because the government failed to cope with it properly and on time, it was left to fester into a serious national issue," Yi said.

The opposition leader demanded convocation of a special session of the National Assembly to discuss ways to help the farmers overcome the adverse effects of the drought and compensate them for damage.

"The government failed to take proper measures, being content to take cosmetic actions while the drought dealt serious damage to the country's agriculture," he charged.

Right now the government should use reserved funds to help farmers who are suffering fro the most serious drought in 50 years which has held the country in its grip for 20 consecutive days, he continued.

"And an extra session of the Assembly should be convened as soon as possible for further discussion and to pass the DP-prepared bill for compensating farmers for their damages from natural disasters" Yi claimed.

Ministry Maps Measures To Fight Severe Drought

SK2307031294 Seoul THE KOREA TIMES in English 23 Jul 94 p 1

[Text] The total area of rice paddies that have dried up due to the severe drought grew to 83,90 hectares as of Thursday, 7.5 percent of the nation's total rice fields, amounting to 1.1 million ha, the Ministry of Agriculture, Forestry and Fisheries said yesterday.

Thursday alone, about 15,000 ha of rice paddies dried up, mostly in the southern parts of the nation, ministry officials said. Damages have been occurring largely in reclaimed land and paddies that depend on rainfall for water.

Inspecting areas in Haman, South Kyongsang Province, hit hard by the worst drought to grip the nation in 90 years, President Kim Yong-sam promised yesterday an additional 15 billion won from the reserve budget to help farmers.

President Kim's promises brings to 30 billion won the total amount pledged by the government to cope with the drought.

Upon his arrival at Haman County Office, the Chief Executive was briefed by provincial governor Kim Hyok-kyu and county chief Chon Yong-won on drought damage and measures to minimize it.

Earlier, Kim instructed Agriculture-Forestry-Fisheries Minister Choe In-ki to work out comprehensive measures to ensure a stable supply of water to farmland, calling for increased efforts to develop underground water sources.

Eleven counties in South Cholla Province, nine in South Kyongsang Province and four in North Cholla Province have been hit the hardest by the severe drought with damages rapidly spreading to the central parts of the nation.

The total area of vegetable farmland hit by the drought amounted to more than 40,000 ha as of Thursday, accounting for 5.2 percent of the nation's total farmland of 775,000 ha. Red peppers and other vegetables are suffering the worst from the prolonged heat wave which has pushed the mercury up to near 40 degrees centigrade in most parts of the country for the third straight week.

Prices of lettuce, cucumbers and pumpkins have soared in wholesale and retail markets as their deliveries have been stalled.

An increasing number of livestock is dying from the sweltering heat wave. Some 440,000 livestock, including

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431,000 roosters, have died so far and the rise in sea temperatures has brought about considerable damage to the cultivated fisheries industry.

At reservoirs across the country, the average water reserve rate fell to 40 percent Thursday, about 34 percent lower than the figure normally recorded around this time of the year. In drought-stricken areas in the southern parts, in particular, the water reserve rate stood at a third of what is usually recorded in a normal year.

The Ministry of Agriculture, Forestry and Fisheries on Thursday declared an all-out war to fight the drought.

Ministry officials said the government is mapping out drought relief measures assuming that there will be little rain through the end of this month. "We believe that there will be sporadic rainfall in some areas over the weekend, but the precipitation won't be significant enough to end the drought," a ministry official said.

KIET on International Competitiveness Strategy

942C0168B Seoul HANGUK KYONGJE SINMUN in Korean 21 Jun 94 p 13

[Korea Institute for Industrial Economics and Trade, KIET, report outlining a strategy for boosting the ROK's international competitiveness; date not given—first two paragraphs are HANGUK KYONGJE SINMUN introduction]

[Text] In its report outlining a strategy for boosting our national competitiveness, the Korea Institute for Econoimcs and Trade regards the need to maximize development of technologies and human resources as a cardinal task.

In this report KIET calls for the adoption of a U.S. rather than a Japanese model for nurturing a service-oriented government, and a reexamination of the current system of selecting government employees under the civil service examination system. A gist of the KIET report follows.

Short-Term Measures:

—Stabilize wages and labor-management relation: The rising trends of prices and labor disputes have been slowing down recently, but the wage level in our country is already on a par with that in Taiwan and Singapore. Efforts must be made to revise the labor-related laws in a forward-looking manner so that a proper balance may be maintained between labor and management, and to inculcate a partnership spirit in workers through labor unions' participation in business management.

—Stabilize interest rates at a low level: Recently, interest rates have remained relatively steady, and at a lower level than before. But they are still high compared with the levels in our competitors, placing an added financial burden on our enterprises. We must move up the schedule for the liberalization of capital to spur competition among financial institutions and induce interest rates to go down.

—Stabilize land prices: Thanks to the firm policy for curbing land speculation, land prices have stabilized to a certain extent. But the basic trend is that demand for land exceeds its supply, leaving room for real estate prices to rise. Excessive land possession should be curbed by adjusting the tax rates in line with the actual condition, establishing a computer network on land ownership as soon as possible, and strengthening the administration of the comprehensive land tax system.

—Expand infrastructure investment and streamline physical distribution: Infrastructure investment is expected to expand markedly through increased budgetary spending. It is necessary to increase budgetary funds as much as possible by raising tax rates and encourage private infrastructure investment without a hitch.

Mid- and Long-Term Measures:

—Maximize the development of technology and human resources: In order for the ROK to have a strong competitive edge, it is necessary to revamp its industrial structure so as to make it more technology-intensive. In achieving this goal, we must develop technology and human resources. We must determine which will be more beneficial to our country, giving priority to high-tech industries or modernizing our conventional industries, with a farsighted vision of a new industrial restructure.

It is necessary to draw up a government-wide comprehensive blueprint for developing technology and education reform in order to meet the demand for technology and manpower necessary to fulfill the vision of a new industrial structure. The present technology policy is wasteful because of inter-agency rivalries, duplication of effort, and conflicting goals. Therefore, it is necessary to draw up a comprehensive, long-range government-wide technology development plan with long- and short-term goals for developing technology, allocating resources to each technological field, and establishing a system of industry-academia-government cooperation. The current education reform, which is being led by educators focuses on structural reform, such as revamping the school entrance examination system.

However, industries, teachers in the field, and economic ministries should participate in educational reform so that a substantive reform may be accomplished in terms of renovating the contents of education, expanding academic autonomy, and increasing investments in education.

—Induce business reform: It is necessary to create an environment that encourages new entries, so that enterprises may attain "core competence"—the mainstay of national competitiveness—and make bold

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investments for their own transformation. To this end, it is necessary to accelerate opening at home and abroad and increase pressures for competition.

For instance, systems that restrain competition, such as entry restrictions and price controls, as well as the practice of collusion in business deals, should be eliminated. We should also study ways to expand the liberalization of direct foreign investment, give foreign entrepreneurs national treatment, and speedily remove barriers to diversifying import sources under a prearranged schedule.

It is important to recognize that it takes time to resolve the issue of economic power becoming concentrated in conglomerates. The government should resolve this problem without fail by taking complementary tax measures, making conglomerates open their stocks to the public, and effectively inducing them to increase paid-in capital, in order to gain the credibility of government policies. In return, regulatory controls over the daily operations of corporations affiliated with large conglomerates should be removed.

—Nurture a service-oriented government: The ROK Government's system of administrative controls was basically patterned after the Japanese system; accordingly, there are many similarities between the two. In Japan's case, while business management is efficient, there are many inefficiencies in its political and administrative systems, which are not internationalized. Therefore, we should do a zero-based study of our system by comparing it with the U.S. system, which provides for less government intervention.

In this respect, the U.S. administrative reform plan directed by Vice President Gore is very instructive to our government.

For the internationalization of the ROK economy, it is imperative to train personnel both in the private and public sectors who have an international sense, a knowledge of international economics, and a command of foreign languages. Currently, the ROK trails Singapore and Taiwan, its rivals, in the number of expert personnel needed in internationalization.

Improving the system of personnel administration and removing unproductive practices may be considered short-term measures for increasing administrative efficiency without large budgetary spending. It is urgent to revamp the current system of selecting government employees based on a civil service examination system which emphasizes law subjects, and establish a system that gives preference to specialists. In operating the promotion system, emphasis should be placed less on minimizing blunders than on maximizing services when evaluating performances. The introduction of an annual salary system is also worth studying.

Early Adjustment of Industrial Structure Urged

942C0168A Seoul HANGUK KYONGJE SINMUN in Korean 21 Jun 94 p 12

[By Yi Kyong-tae, senior researcher at the Korea Institute for Industrial Economics and Trade]

[Text] A nation's competitiveness is determined primarily by basic factors such as natural resources and population; productive factors such as technical personnel, skilled workers, equipment used in production; and factors such as the scale and quality of demand, political and social values, and corporate culture. The results of competitiveness appear in the forms of per capita national income, the aggregate volume of exports, and the balance of international payments.

As a catalyst between the primary factors and the results, the industrial structure plays a vital role. This is because only when manpower and capital are allocated to the most productive and efficient industries is it possible to upgrade national competitiveness. Given the fact that different industries have different scales of market and different growth rates, when limited resources are allocated mainly to industries with large markets and high growth rates, production and exports will grow rapidly, enabling the people to enjoy a higher level of income.

Therefore, in strengthening our national competitiveness, it is necessary to improve and expand the factors necessary to upgrade competitiveness in qualitative and quantitative terms, and at the same time, effectively allocate these factors in an efficient manner.

A comparison of competitiveness between different countries on the basis of product marketability and growth rates of major export industries as measured by the United Nations' trade statistics shows that, in terms of competitiveness, Japan, the United States, and Germany ranked in the order mentioned among advanced countries in 1991, and among developing countries Singapore, Malaysia, the ROK, and Hong Kong in that order. However, considering that the ROK and Hong Kong received almost the same overall evaluation and that Taiwan is excluded in this comparison due to the difficulty in the application of statistics, the ROK may rank about fourth among developing countries.

The ROK's national competitiveness weakened particularly in the 1988-1991 period and was overtaken by Malaysia, then one of the least developed of the developing countries. The weakening trend continued through 1993.

The ROK's weakened competitive position was due to the deterioration in primary factors affecting competitiveness, such as wages, interest rates, the work incentive, the entrepreneurial spirit, and infrastructure investment, as well as the hot pursuit by the least developed among developing countries. As a result, the following shortcomings surfaced in the industrial structure.

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The industries in which the ROK used to enjoy a competitive edge, such as the footwear and home appliance industries, have neglected to develop technology and new product labels of their own, while depending heavily on foreign technologies and the original equipment manufacturing (OEM) formula. As a result, they have been rapidly losing their competitive edge to the least developed of developing countries. In mature technology-intensive processing industries, such as automobiles, shipbuilding, and machine parts, the gap in competitiveness is very wide between ROK firms and their world-class counterparts in the United States, Japan, and other advanced countries. Our automobile industry is often described as competitive. But given its low share of the world market, we need to earnestly reexamine its competitiveness.

True, exports by high-tech industries, such as semiconductors, automobile parts, and communication equipment, appear to be increasing, but it is no exaggeration to say that they are hollow exports, because—with a few exceptions—the products exported have a low added value.

Based on the perception that unless the current feeble industrial structure is improved soon, the nation could face a competitive crisis in a few years, a new strategy for boosting national competitiveness should be directed at making our industries and human resources more knowledge-intensive and making an equitable allocation of the fruits of competitiveness.

As short-term measures, we must improve labor-related laws and systems in a rational manner to stabilize wages and labor-management relations; deregulate capital investments and promote competition in the banking industry to stabilize interest rates; adjust property tax rates to reflect actual conditions and enhance the administration of the consolidated land tax system to further stabilize land prices. In addition, it is necessary to expand infrastructure investments in earnest by securing financial resources and inducing private investment. Stable prices of productive factors will greatly contribute to making the entrepreneurial efforts at readjusting the industrial structure more effective.

As mid- and long-term measures, first it is necessary to maximize the efforts to develop technology and human resources so that technology, a key factor in industrial restructuring, may be secured as soon as possible. The ROK vision of a new industrial structure is to localize the designs and labels of materials, parts, and equipment on the one hand and globalize final assembly and sales on the other. However, this vision cannot be translated into reality without securing a high level of technology and creative manpower.

Currently, government ministries are vying with each other to implement their separate industrial policies. Efforts of different ministries should be coordinated under a comprehensive, government-wide technology development plan, so that technology development may be achieved in a manner consistent with our vision of a new industrial structure.

To induce innovative efforts among our enterprises, which are the core element in strengthening our competitiveness, we need to accelerate opening at home and abroad and step up pressures for competition. The problem of the concentration of competitiveness in conglomerates, which stands in the way of privatizing public corporations and inducing private infrastructure investment, needs to be solved in a consistent manner under a long-range plan by taking complementary tax measures, making big corporations go public, and promoting paid-in capital increases, among others.

* Trends in Multimedia Industrial Policy Viewed

942C0155A Seoul CHONJA CHINHUNG in Korean May 94 pp 13-16

[Article by the Information Promotion Section, Ministry of Trade, Industry, and Energy: "Trends in Multimedia Industrial Policy"]

[Text] I. Basic Direction

With the multimedia industry emerging as the most promising industry of the 1990's, the government plans to pursue an integrated and effective multimedia industrial policy by changing its past practice of following different strategies in different sectors of the multimedia industry.

In the first phase in developing the multimedia industry, priority will be given to increasing the technology development capability in manufacturing high value products, and nurturing parts and board manufacture in the software domain. Efforts will be made to set the multimedia industry distinctly apart from other advanced enterprises by creating a "niche" for the multimedia industry. At the same time, the following measures will be taken to help popularize outstanding multimedia titles: opening government-held information to the public, providing assistance in the development of technologies, and adopting a prize-awarding system for outstanding products.

In the second phase, through active government-industry policy consultations and through support for plant investment and technology development, service industries such as broadcasting, newspaper journalism, and publishing, will be encouraged to participate in the multimedia industry. Cable television and other news media will push forward the local manufacture of information systems as a mid-long range undertaking in order to popularize multimedia service by the application of domestic technologies.

In the third phase, an "information super highway construction package" will be implemented as a government-wide joint undertaking, and under this plan the following policies will be implemented in a systematic manner:

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First, a comprehensive development plan for the video industry

To promote a balanced development of this most extensive application field of multimedia service and usher in the age of multimedia by the efforts of our domestic industries and information service, the Ministry of Trade, Industry, and Energy, the Ministry of Culture and Sports, and the Ministry of Information will pursue a comprehensive video industry development plan as a joint undertaking.

Second, multimedia-related laws and administrative systems will be improved in a rational manner for the following purposes: To create new promising industries through an industrial fusion so as to gradually bring down the barriers against market penetration; promote cooperation among related industries; create a private sector-dominated industrial environment through the maximum utilization of the creativeness of the private sector and the promotion of its participation.

Third, to create demand for multimedia service in the public sector, the government will enlarge the scope of opening government-held information to the public, expand outside orders for government-held multimedia titles, and carry out demonstration projects for multimedia applications in public service sectors such as educational, medical, and SOC [no expansion given].

Fourth, for the systematic promotion of multimedia technology development, a "multimedia technology development project group" will be established in the Research Institute for the Overall Development of Electronic Parts Technology to carry out a five-year ('93-'98) multimedia technology development project in gear with other related projects. This project will be executed as part of the key technology development program of the Ministry of Trade, Industry, and Energy in cooperation with other ministries concerned.

Fifth, a "multimedia industry development panel" will be set up with experts from the government, the related industries, and academic and research organizations in order to improve the effectiveness of industrial policies by building a system by which to pool the efforts of the private and public sectors.

II. Execution Plans for Detailed Tasks

A. Implementation of the Five-Year Multimedia Technology Development Program

1. Implementation System

The Multimedia Technology Development Project Group in overall charge of the multimedia technology development project will play a major role in working out an overall business plan each year and will sign an agreement with the Ministry of Trade, Industry, and Energy on the implementation of this plan. The group will organize "expert technical committees" in six different fields to look for specific projects to be undertaken in areas such as boards, semiconductors and parts, information systems, terminals, software and "titles," and standardization.

In addition, the "Multimedia Technology Council" will be organized to make an overall adjustment of the project targets selected by the expert technical committees, set the order of priority, and examine the technology development plans. Specific tasks, selected after surveying the needs for new technologies to break through the common technological bottlenecks, will be made public in order to promote technological development through competition. Concrete project plans will be worked out with the full participation of all agencies that can participate. Along side of these projects, other medium and large- scale technology development projects will be undertaken for policy considerations without going through an open selection process.

2. Tasks for Execution

a. Strategic Technological Development Projects

A comprehensive multimedia information processing system, capable of freely processing and editing multimedia information in characters and pictures, will be developed as a joint development project of the newspaper journalism, broadcasting, publishing and software industries. The first-phase project for developing the basic system will continue through 1995, and the second-phase project will be carried out to effect a linkage between the basic system and the ISDN [integrated service digital network] by 1996. To this end, the government plans to invest a total of 8 billion won, including 5.3 billion won in government aid.

The second task in the strategic technological development program aims at developing a small portable multimedia computer. This task will be carried out through 1997. Strategic technologies, including those for next-generation key information terminals capable of the wireless communication, pen input, and information processing functions, will be developed; and trial products made with these technologies will make their debut. This task will be carried out as a joint project by computer, semiconductor, parts, and software producers as well as by communication network operators. In the first phase, trial products will be developed by 1996, and in the second phase the localization of parts production will be completed by 1998. To this end, a total of 28 billion won will be invested in five years, including 14 billion won in government aid.

As the third task in the strategic technology development program, wired radio broadcasting companies and CATV firms will conduct joint research on the proposed new projects, such as the development of an interactive CATV system/video server. In addition, research will be conducted on a wireless multimedia news system as a joint project by a consortium of newspaper and computer companies.

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b. Technological Development Projects To Break Through Common Technological Bottlenecks

Regarding technological development tasks to break through the common technological bottlenecks of specialized enterprises, the Multimedia Technology Development Project Group will survey the need for new technologies jointly with the Multimedia Industry Association and other interested organizations in order to select the new targets of technology development. Tasks to attain these targets will be carried out through the base industrial technologies development program.

3. Investment Plan for Technological Development

The government plans to invest a total of 100 billion won in the development of multimedia technologies by 1997. The money, expended in aid for the development of base industrial technologies, will account for 50 percent of the total funds needed.

B. Linkage Between Policies and Multimedia Industry Development Package

1. Pushing Forward Video Industry Development Plan

As the basic direction in developing the video industry, the government will regard this industry as a model of promising industry in the 21st century and turn it into the nation's strategic industry. The video industry, currently viewed as an entreatment service industry, will be perceived as a knowledge service industry associated with the manufacturing industry. With this change of perception, the Ministry of Trade, Industry, and Energy will include a plan to develop the video industry on a par with the manufacturing industry in the new five-year economic plan; the Ministry of Culture and Sports will include a plan for the priority development of the video industry in its cultural, sports, youth development plan; the Ministry of Information will adopt and implement on a priority basis plans for the development of home video and other video softwares. The Ministry of Trade, Industry, and Energy, the Ministry of Culture and Sports, and the Ministry of Information will organize a system by which to jointly implement this plan. A private-sector panel for the development of the video industry will be established under the Industrial Policy Council. Under this panel, three expert subcommittees will operate: the video promotion subcommittee (to take charge of matters relating to financial support and tax benefits); the video industry subcommittee (to study video industry promotion legislation), and the television subcommittee (to nurture CATV and off-the-air television service).

When the Law on Industrial Development is revised this year, a new provision will be created to treat the video industry as a new industry so that a legal basis may be provided for giving support for the video industry as such. At the same time, a video industry promotion law will be enacted to ease regulatory controls, and measures will be taken to provide financial support and tax benefits, modernize facilities, and train export personnel.

2. Effective Linkage With the "Information Super Highway Construction Package"

A government-wide thrust will be organized to expedite a balanced development of an information super highway network, multimedia application systems and related industries, and the video software industry.

C. Promoting Active Participation of Information Service Firms in the Multimedia Industry

To invigorate the multimedia industry with the participation by information service firms, aid will be provided for the development of multimedia titles and for plant and equipment investment in multimedia-oriented information service; and tasks will be carried out to develop technologies needed in information service system. Support will be given to newspaper publishing, broadcasting, and specialized program production firms in the development of multimedia titles as part of the five-year multimedia technology development. In addition, these businesses will be added as eligible recipients of financial aid from the high-tech development account in the Industrial Development Fund; and in this support, priority will be given to joint researches conducted with specialized producers of titles for multimedia.

In providing aid for plant and equipment investment in multimedia-oriented information service, steps will be studied and taken—with a view to promoting the development of digital media technologies by these firms and their participation in the commercialization of these technologies—to include them in the categories of eligible recipients of financial aid from the information service fund account in the Small Business Structural Readjustment Fund and give them receive tax benefits in making equipment investment.

The development of an information service system for multimedia will be undertaken in 1994 as part of the strategic technology development program in preparation for the initiation of multimedia service beginning in the latter part of the 1990's. The development of a wired broadcast system technology for multimedia will be launched in 1995 by extending the project currently undertaken by the Federation of Electronic Parts Producers for the localization of CATV equipment production. Hardware and software firms will carry out joint research in connect with information service firms.

D. Support for development of multimedia titles

In supporting the development of multimedia titles, primary attention will be focused on: expanding outside orders for government-held multimedia titles; providing support for technological development by specialized title producers; undertaking strategic technology development projects; and promoting the popularization of

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outstanding titles. As for expanding outside orders for government-held multimedia titles, the task will begin by producing titles, such as an the industrial statistics yearbook, an export-import statistics yearbook, and business operations analyses, which can be used in CD-ROM's, and by expanding outside orders for these titles. The Ministry of Trade, Industry, and Energy will select suitable subjects by surveying the needs in the industrial sector, and induce the production of CD-ROM titles on these subjects in cooperation with the agencies concerned. Funding will come in principle from the budget of the agencies concerned, but support from the Technology Development Fund will be provided at the same time as necessary.

In providing support for the development of technologies by specialized title producers, the titles subcommittee of the expert technological committees will select the technological development subjects, and these target technologies will be developed as part of the short-term industrial development program as well as the technological development program to break through common technological bottlenecks.

In thrusting the strategic technology development program, the industrial, academic, and research sectors will jointly undertake the development of the kinds of technologies, such as those for the multimedia data base management system [DBMS], which are difficult to industrialize in a short period of time.

To help popularize outstanding titles, primary attention will be focused on instituting a title registration system by the Multimedia Industry Association, establishing a system for awarding prizes of the minister of trade, industry, and energy to outstanding titles chosen by competition; introducing a voluntary quality certification system through the Multimedia Industry Association.

E. Promoting the Multimedia Board Industry

With a view to improving our multimedia industry to a level that would surpass the rival nations by 1997, technological development projects will be undertaken as part of the five-year multimedia technology development program. A committee will be set up in the Multimedia Industry Association to promote business cooperation and alignment with finished products manufacturers in the development of technologies and marketing. In addition, with the Multimedia Industry Association at the center, measures will be worked out and put into execution to improve the price competitiveness through joint purchases of parts and by other means.

A system of product quality certification by the Industrial Technology Institute will be instituted along with a voluntary product quality certification system operated by the Multimedia Industry Association.

F. Nurturing Parts Industry

As part of the five-year multimedia technological development program, application-specific integrated circuits [ASIC's] will be developed on a priority basis. To assist technology-poor small and medium enterprises in developing ASIC's, the functions of the ASIC's development office in the Electronic Parts Institute will be expanded to localize the production of key parts in cooperation with the Electro-21 business. In addition, sustained efforts will be made to improve the investment environment to induce advanced high-tech firms to invest in our country; and when a free investment zone is established, priority will be given to inviting in key parts manufacturers from overseas.

G. Strengthening Standardization

The "Multimedia Technology Development Project Group" will work out and implement a five-year multimedia standardization plan in cooperation with the Industrial Standards Board (formerly the Information Industrial Standards Board). To this end, as part of the strategic industrial technology development program, aid in the amount of 1 billion will be provided each year by the Industrial Technology Development Project Fund; and a multimedia standardization committee will be established in the Industrial Standards Board to set industrial specification standards, apply the Korean Standards [KS], secure information on overseas standards, and popularize standardization in the industrial sector.

H. Popularizing Multimedia System

Currently, a campaign to produce 10 million personal computers [PC] is under way under the "plan to accelerate the popularization of information service and develop the information industry" as part of the new five-year economic plan. As part of this campaign, 3 million multimedia PC's will be made available. Detailed plans will be worked out after interagency consultations through the Information Industry Development Planning Group. Projects to develop and popularize educational multimedia titles will be carried out at the same time.

I. Improving Regulatory Systems To Fit for the Multimedia Age

A research team will be organized with experts from relevant organizations and the academic and industrial communities under the charge of the Industrial Research Institute to make an overall review of related laws and systems, such as those on broadcasting, communication, and publishing, in search for measures of improvement. The expert team will collect opinions through public hearings on prospective research projects and reflect these opinions in government policy upon consultation with relevant ministries.

J. Organizing and Operating the Multimedia Industry Development Panel

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This panel will discuss policy directions for the development of the multimedia industry. It will be co-chaired by the vice minister of trade, industry, and energy and an industrial representative, and its membership will consist of experts from the business, academic, and research communities.

K. Building a System for Comprehensive Policy Implementation at the Government Level

When basic laws on promoting the popularization of information service is enacted, the best use will be made of the Information Policy Council to harmonize various service polices, such as the Ministry of Information's policy on wired and satellite broadcasting and the Ministry of Communications' ISDN policy, and implement these specific policies as part of a government-wide comprehensive policy.

Chong Kwan-yong on 'Perception of Reality'

942C0152A Seoul WOLGAN CHUNGANG in Korean Jun 94 pp 314-323

[Article by Chong Kwang-yong, Blue House secretary for educational, cultural, and social affairs: "If Dissidents Rail at the Reformist Government, How Do They Differ From Conservatives?"—first paragraph is WOLGAN CHUNGANG introduction]

[Excerpt] Chong Kwan-yong, the author, was deeply involved in the student and labor movements when he was enrolled at Seoul University and while employed at the Research Institute of Modern Society, and subsequently he published many critical articles as a dissident critic. In the following article he reveals why he joined the Blue House secretariat from the dissident camp and how his way of thinking has changed since then.

My Old Perception of Reality Irresponsible

Seeing as soon after I joined the Blue House I was confronted with the question of in what way and in what direction we should improve the present state of affairs, I came to realize keenly how narrow my outlook had been and how prejudiced and hollow my thoughts and ideas had been before.

Formerly, I was sure that I perceived reality as clearly as anyone else. I used to appeal to other people to look straight at reality. But what I perceived as reality in those days was not reality but the image of my perception of it. These days it is brought home to me how thoughtless and irresponsible I was when I made all my statements in those days on the basis of fixed ideas, or rather preconceptions.

That is my candid confession. Now I would like to free myself from intellectual self-conceit and vanity. I am no longer inclined to follow the vogue and randomly present any dogmatic ideas or statements which are without full scrutiny. In this article, the first in over a year, I would like to relate my new experiences, my new feelings, and the truth about myself. I would like to convey all these to my acquaintances and, if possible, to those who dislike me or criticize me for whatever reasons.

Before I joined the Blue House, I had a pet phrase I used to refer to in my articles and speeches. It was: "France obtained $50 billion from Germany as a compensation for the three years under German occupation. But we got only $5 million through the ROK-Japan normalization process despite the fact that we had been under their colonial rule for as many as 36 years."

On the basis of this argument I used to bitterly criticize our government for dealing poorly with the consequences of the Japanese imperialist rule and stressed that precisely for this reason, our country has been unable to become a self-reliant democracy up until now, since our liberation. Many agreed with that point and shared with me the same view that all current problems in our society have their historical roots, probably because the two instances cited in my pet phrase were so diametrically opposed to each other.

But the same pet phrase, which I used to consider as precious as an heirloom, has long been rendered useless. My interpretation of it has changed completely.

If we had been liberated in three years, we would have been able to exact, not just $500 million, but many times more in reparation. We received only $500 million, not "despite the fact that we were under colonial rule for as many as 36 years," but "because we were under colonial rule for as may as 36 years." The passage of one whole generation under colonial rule sapped our social potential so much that our country did not have enough strength to exact any larger sum.

No Problems Easily Solvable

My way of interpretation changed because I began to realize that each of the reform tasks confronting the civilian government, even one which seems minor and trivial, has a historical background spanning scores of years. When I was a half-baked political critic, all social problems in our country looked simple and seemed to be amenable to easy solutions. Believing that they could be solved under specific methods, I called for those solutions.

But as I grappled with even a very minor task assigned to me after joining the Blue House of the civilian government which was pushing reform, I realized that each problem had its own historical background, affecting the livelihood of so many people as well as the conventions and cultures familiar to everyone. Nothing was easy to correct, and every problem required a careful handling.

In February many people criticized that our civilian government had accomplished very little in its reform drive during this past year. But I can assure them that the road of history we traveled being a long and arduous one, the journey to reform aimed at mending and setting right

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all wrongs done in the past is also a long and arduous one, and we have just embarked upon this journey.

I need to examine the process through which I entered the Blue House from the dissident camp. In 1992, when I was a member of the Research Institute of National Policy, the staff of this institute decided to maintain a neutrality in the presidential election after careful discussion. This decision was based on the judgment that whichever of the two Kims was to be elected, it was hardly expected that the Korean society would be reformed under either of them, because both had organizational limitations. It was important for us to make conscientious reformist forces gain strength as soon as possible so that they could prepare for a bright future for the country under the turbulent international situation, instead of seeking to expand our own influence and attain a life of ease by hanging on to the coattails of the so-called entrenched interest groups.

Reasons for Joining Blue House

That is why we worked hard to invigorate the reformist forces and groups of specialists to prepare for the 21st century even in the charged election atmosphere. This attitude of the Research Institute of National Policy looked singular considering the fact that most of the dissident forces in those days supported the DP in opposition to candidate Kim Yong-sam, who was surrounded by the former forces of the Fifth and Sixth Republics."

But when the government party's new leadership was put in place and the president delivered his inaugural address in February 1992, all of us were shocked. The emergence of a new power, which broke with one stroke the structural limitations imposed by its weak numerical strength, that accounted for only one-third of the DLP, as well as the prospect of reform unfolded by this new power, provided a clear example of what "living politics" is like and what "living power" is like for all of us, including myself, who used to explain away everything in structural terms.

When Kim Chong-nam joined the Blue House as senior secretary, it was another shock to me. He asked Kim Yong-chun—who worked with me in the Research Institute of National Policy as its virtual head—to join him at the Blue House, and this offer spurred a serious discussion among us. At this discussion we reached a conclusion.

The conclusion was: The existing political establishment is too corrupt to take charge of the task of reforming our society. Therefore, in the long run a conscientious force outside the existing political establishment should forge a broad alliance and come up with a vision and policies looking ahead toward the 21st century and form a new political force. But in the absence of an immediate prospect for the emergence of such an organized force, honest-minded people should try to reform the society as opportunity arises in the middle of reality. And the new government provides an opportunity we cannot afford to pass up. The conclusion was in favor of participation.

But when "participation" soon became an immediate problem for me, it was a serious matter. From a social point of view, I was in favor of participation. But when it came to my personal life, whether I should participate or not weighed heavily on me as an agonizing question because my actual life and my future were involved. I had not much time to ponder, and soon decided to "participate."

In my school days, clamoring against the dictatorship, I participated in the labor movement, conducted studies among progressive groups, and wrote political critiques. But I gradually approached realpolitik step by step. Beginning in 1989, I called for converting the masses into an independent political force. Seeing the experiment of the Masses Party, I stressed the need to forge a more realistic and broader solidarity for the cause of reform. But now I am where I am. I, who wrote articles criticizing the three-party merger in the spring of 1990, found myself in the middle of this new party in 1993, only 3 years later.

The change I have undergone has been dizzying, and I became the butt of criticism and even ridicule. But I felt justification at heart. At times I even wished that I would have somebody else take charge of this experiment now while preparing myself for the days when things would be more certain and stable. However, my sense of self-pride—the feeling that reform being an essential necessity, there should be someone to undertake it—had an upper hand over the fear that I would have to bear the burden and responsibility. The only factor—the belief that I could be helpful, however slightly, to this opportunity of reform, the importance of which cannot be overemphasized—overwhelmed all fears and misgivings.

Need To Change Myself Before Changing Others

I threw myself into the middle of the whirlpool of change in our society. Reform might possibly fail and Korea might possible remain unchanged. But my own change and my future experience will not be in vain. I have no choice but to work hard.

I have sought change ever since I cut my wisdom teeth. Reality in our country was so depressing and pitiful that I had to change myself and cried for change. But as I contact those seniors in the Blue House who were in government service for many years, I had no choice but to learn the true meaning of change for the first time.

What matters is that problems must be solved and society must be changed; but most of the problems had their inevitable causes and have some positive side to them. Change was possible only when the inevitable causes were removed. Even where changes took place, we had to keep their positive side, if any, alive. At the same time, we had to deal with new problems arising from the old ones.

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Managing state affairs is not just advocating something or making an experiment on a trial basis. A government measure, however minor, affects the actual daily lives of numerous people one way or the other, and the government should take the responsibility for its consequences.

As invariably illustrated by critical TV news specials that pour out daily, our society is fraught with numerous problems. These problems were unbearable, so I cried for immediate changes. But many of our seniors have endured and scrutinized these problems.

When encountered with a specific problem, I tied to seek an immediate solution. On the contrary, my seniors strived to grasp the whole picture of the underlying circumstances. They sought answers to these questions: What caused this situation?; What has been tried in the past to solve it?; Why has the effort failed?; When there are several options, which one will be beneficial to the largest number of people?; What timing would have the least impact on the whole of society?; Who should be charged with this task?; and so on.

I knew so little about so many things. It gradually dawned on me that when I knew something it was only one aspect of its reality, and so I gradually cultivated an ability to scrutinize problems carefully instead of trying to solve them hastily.

I took my job with an ambitious hope to change society, but in reality I had to change myself first. I had no alternative but to change myself, for unless I myself changed, nothing could be changed.

While I was engaged mainly in research activities in my days as a dissident, "from the abstract to the concrete" was the pet-phrase of those like-minded people around me. Our idea was that we should not be content with criticizing the basic tenets of government policies but come up with constructive and feasible alternatives which would win unanimous public support; and that we should participate in the existing political establishment so that we might put these alternatives into practice. But there was a distinct limit. The dissident camp continued to give priority to strong militancy and ideological clarity, and was unable to present any alternative even if it wanted to, because it lacked materials and research experience.

Practical Action, Not Method, All Important

But upon joining the government, I found out that the problem was not that the government had no alternatives. As pointed out earlier, the current problems in every corner of our society have been accumulated for the past scores of years, and studies and discussions have been made on how to solve them as extensively as their history is long. Solutions to most of these problems have long been found. It was more important who should translate them into practice, and when and how.

Since its inception, the civilian government spread the tide of reform through every corner of society under the banner of reform. The president was at the center of this tidal move, and no one was more determined than he was to accomplish his reform program. That is why it was not unreasonable to think that all those problems which have been fully exposed, and for which solutions have been studied in depth, should be solved promptly, and that they were quickly solvable.

However, there were many problems which remain unsolved. There were different kinds of limitations to solving these problems by the methods already outlined in the books. The question of who should resolve these problems, and when and how, is yet to be answered.

Changing current rules and practices is accompanied by pains. What is more, change breeds new problems. For instance, in the case of the military reform, which almost all citizens fully supported, it gave the people involved the pain of being deprived of their privileges. In addition, because of the reform, the discipline and morale of the military as a whole sagged, producing the side effect of weakening national defense even temporarily. From the point of view of those who lead the reform drive, they must take into consideration the pains and side effects the reform program may cause. For this reason, the government keeps on agonizing, and it must make decision after decision, and take the responsibility for every decision it makes. We cannot say unconditionally that it is a good idea to plant as many trees as possible now. But we must see to it that the planted saplings strike their roots deep and branch out so that they may survive for many years. We must make reform measures take roots one by one regarding the reform program as an irreversible tide of our time. We cannot help but be cautious, and we should not make reckless attempts with half-baked knowledge.

One particular issue has troubled me from the early days of my service in the new government—the allegation of governing in persona. This allegation was directed against the government and the president, who has recovered democracy opening the era of a civilian government. The issue did not persist too long after much arguing back and forth, but it caused a major philosophical agony in me in those days.

Backdrops of Controversy

For the sake of simplicity, I will cite an extreme case abroad. In Peru, in South America, President Fujimori engineered a coup and disbanded parliament after he was elected in order to combat deep-rooted irregularities and corruption. He mobilized the military to neutralize the parliament, the citadel of democracy, for the sake of "reform." Peru is not the only country. According to research conducted by various scholars, neoauthoritarianism has established itself in many of the countries where an elected civilian government came into being after a long period of military rule, in order to do away with the old authoritarianism deeply rooted in every facet of social life.

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Our country maintains a political structure that is far more stable beyond comparison with these extreme cases. However, judging from the polemics that have been going on in our country over the allegation of governing in person and neoauthoritariansim, it seems that in a broad sense our country cannot be immune to the same kinds of theoretical issues that arise in the era of civilian government in foreign countries. After all, the whole argument boils down to what problems the president should handle in person, and to what extent.

Before dealing with this question, I like to ask, What is democracy? and what is reform? As I understand it, by democracy is meant the process by which diverse groups or classes with different interests work for the common goals of the society and the state by accommodating with one another on a voluntary basis. By reform, on the other hand, is meant mending and setting right existing wrong regulations and practices. Reform is a serial processes consisting of: rectifying the irrational systems and distorted order in every corner of society that the past authoritarian regimes utilized to encroach upon the people's autonomous ability; recovering the self-adjusting function of our society as soon as possible; and thus putting in place a basic democratic order. In other word, reform in our time is aimed at reconstructing social and national order by political force in the period of transition from authoritarianism to democracy.

In the midst of this process aries disputes over neoauthoritarianism and governing in person. On one side people criticizes the president for exercising so much power in so many areas; and on the other people demand that the president exercise a greater power in many more spheres.

Reform Continues

The government and the president are the focus of the controversy. But I think all our citizens are responsible for the controversy because depending on the extent of the power to sustain the transitional period and the social ability to tide over changes and create a new order, the roles and responsibilities of the president, the government, the political establishment, and various social sectors will vary; and depending on how the roles and responsibilities are distributed among them, there will erupt a controversy over government in person versus rule of law.

To be more specific to reflect the current condition of our society, I would say that the role of the government and president will vary depending on the extent of our society's ability to push forward the reform drive, and that the extent of this ability varies according to different areas and different problems. In some areas the soil for reform is well prepared so that reform begins spontaneously in these areas.

But there are many areas where the situation is not that favorable. In these areas the government and the president have to take the initiative one way or the other. The problem is that a judgment has to be made on the question of how far the government and the president should go in taking the initiative to reach the optimum point. In so many cases, there is ample ability, but it is not put to good use.

I am still agonizing over the relationship between democracy and reform, still unable to find a definite answer to the question of how much influence the president should exercise in what area. I am just trying hard to be helpful so that the best judgment may be made on each and every issue.

I believe that as the democratic forces in our country as a whole reach maturity, all our citizenry, myself included, will be able to share one another's judgment that does not differ too much. If a mature consensus is formed among our people in examining problems and finding the solutions, the controversy over governing in person vs rule of law will become meaningless. In that event the president's agony in having to make a lonely decision with an awesome sense of responsibility will ease dramatically.

I have a word of advice for my former close acquaintances—those of my seniors, friends, and juniors for whom no other appellation than "dissident" can apply. Any of them who still enjoys criticism for criticism's sake should free himself from this habit as soon as possible.

While a year has passed since I entered the Blue House, I often heard dissident figures ask me, "Isn't reform over now?" In the eyes of the dissidents, the tide of reform has had ups and downs since the new government was installed. The tide was up in the early days of the government, down with the eruption of the labor disputes in the summer, up again with the introduction of the real-name financial system, and down again with the deregulation of the rice market. Different citizens made different appraisals. Each time the tide of reform seems to recede, many invariably ask the question, "Isn't reform over now?"

Dissidents Should Be Driving Force of Reform

To this question I used to respond, "Isn't it an expression of impatience for returning to the past practices as soon as possible?" In the past, to organize strong nationwide resistance, the dissident camp defined the nature of the government in simple, clear terms and tried hard to simplify the logic of resistance as much as possible. But with the emergence of the civilian government, the reform drive that followed immediately, and the historic changes that took place in the world in the background, all problems—such as the nature of the government, the relationship between the government and opposition parties, the role of the dissident forces, and the method for dealing with each social issue—have become so complex that they can not be easily defined. This complexity is expected to continue for a considerable time in the future.

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The dissident forces, the forces of reform, should adapt themselves to this complexity. Currently, in all areas of reform, including political reform, economic reform, and mental reform, our society is in the middle of heated discussion and argument about reform. If the dissident forces really want to see reform proceed deeper and wider, they should carefully examine in their respective fields why a certain reform has been successful and why some other reform has failed. In addition, in each field they should come up with a precise alternative that can promote reform, and wage an energetic drive to muster public support for the implementation of this alternative.

To say ahead of others that "reform is over" may require courage. But to exert one's efforts in his field for the continuation of reform requires far greater courage. We should continue with reform, shouldn't we? We should establish a firm trend toward reform right now as the tide of the times so that not only the present government but also the future governments that will follow may push forward reform, shouldn't we? If one readily asserts that "reform is over," what good will it do in establishing a trend toward reform in our country as the tide of times?

The new government has declared that it has inherited its legitimacy from the provisional government [in Shanghai], as well as the historic traditions of the 1 March Independence Movement, the 19 April Student Revolt, the 18 May Kwangju Uprising, and the 10 June Democratization Movement. In a word, this declaration is at once the assertion of our nation that the great efforts of all our people who strived for democracy and national survival have culminated in the establishment of the present government, and an expression of the government's determination to take the lead in democratic reform and leaping strides of our nation. In fact, the government is pushing reform and striving to spread the reform drive throughout our society as the tide of the times.

Now that the government stepped forward to carry out reform, everyone should help the government in accomplishing this undertaking. Direct participation is not the only way of giving a helping hand. There are many ways one can offer help while criticizing the government. However, for anyone to define one's own perception of the times by saying point-blank "reform is over" will not do any good to reform at all. If the dissident forces should be satisfied with their old ways, it would not be the right attitude.

The dissident forces should present themselves before the public as the leading force of reform. To this end, it may be necessary to make appropriate criticisms of the limitations of the government. However, it should also be able to criticize themselves for their own limitations and problems. By so doing, the dissident forces will be able to present themselves as the future leadership force which the public can trust and on which the public can pin their hopes.

Reform Must Succeed

Above all, personages in the leadership positions in the dissident camp should harshly criticize the leaders of the student movement who are turning more and more pro-North Korean. To show interest in and affection for the fellow countrymen in the North and their society out of the fervent desire for national unification and compatriotic love is one thing, and to blindly follow the political line of the present North Korean regime is another. Indeed, these two attitudes are poles apart. Unfortunately, some groups in the current student movement are inclined more and more toward the latter tendency. Needless to say, they will gradually become a minority group. As a matter of fact, taking place inside the student community rightn now is the strong tendency to cry out for a new stripe of student movement. Under these circumstances, the seniors in the dissident camp should take the lead more energetically in channeling the student movement in the right direction. Only when the dissident camp reforms itself will it really be able to assume its historic mission for reform.

In my opinion, the time has come for genuine reformist groups to bolster the Kim Yong-sam administratrion's reform drive and make efforts to lead the drive, if necessary. They should join with the government in staving off all visible and invisible obstacles and hurdles to reform. They should take upon themselves the role to ward off threats to reform.

Yet there are many who despite their lip service to reform, would rather like to see the Kim Yong-sam administration's reform program go down the tube by claiming that "reform is over." Is this the right attitude? Some may say that reform is over because they are impatient with the pace of reform. But I know that there are many who say so because of their own political ambition. Today some people give more weight to their own political interests than to reform while paying lip service to reform, and others wish that reform will not proceed smoothly, for they are more interested in their political ambition.

Do they differ in any way from "the conservative forces" and "the entrenched interest groups" whom they always revile?

I cannot give details of my job at the Blue House. It is not that what I am doing is top secret or concerns security but that all I do in my capacity as an administrator is just to assist the secretaries above me, the senior secretaries, and the president with their work. I have worked only for slightly over a year, but the expression that "secretaries have no mouth" has been brought home to me.

But there is one topic I can talk about freely. It is the plan for commemorating the 50th Liberation Day anniversary. Currently, there is a committee for the commemoration of the Liberation Day anniversary under the prime minister. It consists of civic leaders from various sectors of the society. Under the committee there is a

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planning group made up of working-level officials from concerned ministries. The group is working hard to make preparations for a superb commemorative event for the remaining time. The office of the secretary for social affairs to which I belong has the duty to keep the president posted on the progress in the preparatory work. I like to discuss about this task with any body.

In my shallow view, the basic meaning of holding the event in commemoration of the 50th Liberation Day lies not in making evaluations but in presenting visions, not in indulging in recollections but in making a new start. We do need to look back on the past and reappraise it. But this reappraisal should not be made in such a way as to hurt each other's already bruised hearts but to sooth them with warmth. We should bring to light the current achievements and problems, but make this exposure a process of creation and advancement by which we lay our heads together to search for solutions instead of finding fault with each other, passing the buck to each other, and hurling one-sided brickbats. [passage omitted]

* Pattern of Technology Imports Seen Changing

942C0164A Seoul SILMUL KYONGJE, 25 May 94 pp 37-40

[By Chong Man-tae, senior researcher at the Research Institute of General Machine Industry]

[Text] Importing key high technology from advanced countries is an essential requirement in development for our country on a sustained basis through improvements in the technical standard of our general machinery industry and its ability to develop technologies of its own. In the past, our general machinery industry improved its industrial structure through a proper mixture of machinery imports from advanced countries and development of our own technology.

Recently, however, the general machine industry's pattern of technology imports has been changing. The changing pattern has the following features:

First, the volume of technology imports in the general machinery industry is decreasing due to the worsening condition for technology imports caused by a rising trend toward technological protectionism in advanced countries, as well as due to dwindling investments in plant and equipment in our general machinery industry.

Second, the sources of technology imports are diversifying, with technology imports from Japan, which accounted for an overwhelming portion of our total technology imports, on a downward trend.

Third, imports of technologies used in machine tools and agricultural, construction, and mining machines, which accounted for most of the technology imports in the past, are declining. In contrast, technology imports by the antipollution equipment industry are soaring. Another feature is that the length of the contract period for technology imports is longer.

Downward Trend of Technology Imports

The volume of technology imports in our general machinery industry has been declining recently. Last year there were 76 cases of technology imports by our general machinery industry. Though this figure is close to the 74 cases in 1992, when compared with the corresponding volumes in 1989 and 1990, it represents a decrease of 22 and 18 cases, respectively.

The downward trend in technology imports is attributed to the worsening condition for technology imports due to the rising tide of technological protectionism in advanced countries, which have been seeking to form regional economic blocs and technological hegemonism. But another factor is the dwindling investment in plant and equipment in the general machinery industry due to a recession in the manufacturing sector.

In addition, the slump in foreign investments in our general machinery industry may be regarded as a cause of the decline in technology imports. According to statistics on foreign investments in our general machinery industry in recent years, the number of investment cases peaked in 1988—with 48 cases on the permit basis—and gradually dropped to 32 in both 1989 and 1991 and to 22 in 1992. This downward trend is in tune with the falling trend in technology imports in the general machinery industry. The downward trend in foreign investments in our general machinery industry may be attributed to our country's worsening investment environment for foreign investors, caused by factors such as: wage increases that surpass labor productivity, frequent labor disputes, and the difficulty to secure plant sites because of soaring real estate prices.

In view of our general machinery industry's inadequate capability to develop its own technologies, the downward trend in technology imports poses a problem in securing a stable supply of key high technologies in keeping with the structural modernization of the general machinery industry.

Weight of Technology Imports From Japan Decreasing

On the other hand, our general machinery industry's dependence on Japan for technology imports has been decreasing. Yearly, the ratio of imports of Japanese technology to total technology imports in the general machinery industry was 66.3 percent in 1989, 65.4 percent in 1991, 61.4 percent in 1992, and 57.9 percent in 1993. In the final analysis, the decreasing ratio of technology imports from Japan may mean diversification in the sources of technology imports in the general machinery industry. This in turn may be the result of sustained efforts by our interested firms and government agencies to lower our dependence on Japan for technology imports.

Technology imports from countries other than Japan last year show that of the total technology imports, the

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United States accounted for 26.3 percent, and Germany 5.3 percent, with Japan still accounting for a large portion.

Looking at technology imports from Japan in the general machinery industry by sector, up to 1993 the metal machine tool sector topped the list with 145 cases, followed by the construction and mining sector with 55 cases, the farm machinery sector with 52 cases, and the internal combustion engine sector with 40 cases. These sectors are having difficulty diversifying their sources of technology imports, partly because Japan has a market technological competitive edge and partly because they have been increasingly dependent on Japanese technology.

Technology Imports for Anti-Pollution Equipment

Another aspect in the changing pattern of technology imports in our general machinery industry is that the sectors that used to lead in technology imports are now yielding to other sectors. The percentage of technology imports for machine tools, construction and mining equipment, and farm machinery (sectors which used to lead in technology imports) has decreased, whereas the percentage of technology imports for antipollution equipment—such as water and air pollution prevention equipment, anti-noise and anti-vibration equipment, and waste disposal equipment—are rising sharply. Looking at the general machinery industry last year, the anti-pollution sector led in technology imports, with 23 cases, or 30.3 percent of the total technology imports, trailed by the construction and mining sector (13.2 percent), and the machine tool sector (7.9 percent). The figure in the anti-pollution sector marks a jump from 11 cases in 1992.

With regard to technology imports in the anti-pollution equipment industry, the water pollution prevention equipment sector is leading, followed by the air pollution prevention equipment sector, the anti-noise, anti-vibration pollution equipment sector, and the waste disposal equipment sector. The number of technology imports for water pollution control equipment is the largest, because there have been frequent cases of polluted drinking water, which has increased public awareness of water pollution and tightened management and supervision against water pollution.

In particular, the history of technology development in the pollution control equipment industry is relatively short compared to that in other industries; accordingly, advanced countries are reluctant to transfer their technologies in this field. As a result, technology transfer fees account for 3 to 18 percent of the sales of products, a level 2 to 3 percent higher than those in other sectors. In addition, in many cases rival firms seeking to dominate the domestic market vie with each other to introduce the same technologies.

Longer Contract Period for Technology Imports

With regard to contract period for technology imports in the general machinery industry, the proportion of medium- and short-term contracts has recently decreased while that of long-term contracts increased. Of the 76 cases of technology imports in the general machinery industry last year, 50 percent had contracts that lasted more than five, but less than 10 years; 32.9 percent had 10 year or more contracts; and 17.1 percent had contracts that lasted more than two, but less than five years. There were practically no contracts with terms less than two years.

There were 74 technology import contracts in 1992. Of this total, 58 percent had contract periods of more than five, but less than 10 years; 21.6 percent had contract periods of less than five years; 17.6 percent had contract periods of more than 10 years, and 2.8 percent had contract periods of less than two years. Of last year's long-term contracts with terms 10 years or longer, technology imports from Japan and the United States accounted for 27.3 percent and 35 percent, respectively, indicating that technology imports from the United States accounted for a larger proportion.

On the other hand, with regard to the terms of payment for technology import fees last year, fixed sums were paid in 14 cases, accounting for only 18.4 percent of the total number of contracts, and in most cases an initial fee plus an ordinary technology fee was paid.

Need for Greater Effectiveness in Technology Imports

The relevant industries and the government should map out a strategy designed to increase the effectiveness in importing technologies in order to cope with this changing pattern of technology imports. They must make an effort to actively induce foreign investments, an indirect channel for technology imports, in order to secure a stable supply of key high technologies in keeping with the structural modernization of our general machinery industry.

True, sources of technology imports have become somewhat diversified in recent years. But keeping in mind that Japan still accounts for a dominant proportion of our technology imports, the government, concerned industries, and interested organizations should work out measures to expand technological cooperation with the United States and European countries. In addition, in view of its low technological standard and a low-level ability to develop its own technologies, it is essential for our general machinery industry to introduce technologies from advanced countries. For this reason, we should work out a long-range strategy designed to maximize the assimilation of imported technologies and their innovative effects, in conjunction with the policy for developing technologies locally, including measures for localizing the production of machinery, parts, and materials. Needless to say, all this must be accompanied by increased investments in research and development to improve the technological standards of our domestic enterprises.

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On the other hand, our domestic enterprises should exercise self-restraint in order to refrain from the kind of excessive competition for and duplication of technology imports that is seen in the pollution equipment industry, in which technology imports are in upward trend. At the same time, efforts must be made to stimulate mutual cooperation among domestic enterprises so that they may promote development of needed technologies and spread technologies from one industry to another.

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Brunei, Malaysia & Singapore

Malaysia

PRC Deportees To Be Persuaded To Return Home

BK2507152094 Kuala Lumpur BERNAMA in English 0948 GMT 25 Jul 94

[Text] Kuala Lumpur, July 25 (OANA-BERNAMA)—The Malaysian Government will try to persuade the remaining 11 Chinese deportees, now detained at Kajang prison, to return to their homeland voluntarily, Home Ministry Parliamentary Secretary Ong Ka Ting said Monday.

No deadline had been set for them to decide but the government hoped they would agree to leave as soon as possible, he told reporters.

Ong was asked by reporters to elaborate on his earlier reply during question time in the Senate that the government would not get a third country to take the deportees.

He said that Malaysia did not want to be made a stepping stone for people fleeing their country.

The deportees were part of a 20-member group who threatened to burn themselves with kerosene on Friday unless they were sent to a third country.

The group surrendered to the authorities on Saturday after spending a night at the Subang International Airport in a police truck which brought them from the Kemayan immigration detention camp in Pahang state where they had been held after being caught in Terengganu state last December.

Nine of them voluntarily agreed to be flown back to China Sunday.

Ong said the authorities would check deportees more thoroughly in future to ensure they did not carry dangerous stuff with them.

He said the Chinese Embassy, whose officials helped persuade the deportees to surrender, thanked the government for resolving the incident without any adverse consequences.

Replying to another question, Ong said 14 cases of foreign domestic helpers involved in theft were reported since last year until last month.

He said six cases were solved and the foreigners involved were prosecuted.

Another 45 foreign women, comprising 20 Thais, 15 Indonesians and 10 Filipinas, were arrested in the first six months of this year for involvement in vice.

Besides court action, the women would also be deported to their home country and banned from re-entering Malaysia, he said.

Mahathir: Countries Should Decide on EAEC

BK2607145094 Kuala Lumpur BERNAMA in English 0809 GMT 26 Jul 94

[Text] Kuala Lumpur, July 26 (OANA-BERNAMA)—Prime Minister Dr Mahathir Mohamed Tuesday expressed the hope that China, Japan and South Korea are not asking for more time with a view to avoiding a decision on joining the East Asia Economic Caucus (EAEC).

The question of giving them more time to hold further discussions before they decided to join was no problem, he said.

However, we hope that this is not a way for them to avoid making any decision, he told reporters after launching the centenary celebrations of the Malaysian Veterinary and Animal Husbandry Services, at the Putra World Trade Centre (PWTC) here.

News reports from Bangkok said that the three countries had asked for more time to make proposals as to how EAEC should function before they decided to join the body.

We have explained umpteen times that we have no other ulterior motive apart from safeguarding the free trade system, Dr Mahathir said.

Intra Asian trade has increased by 40 per cent, we have made trade foremost for East Asia hence they should seriously view the efforts being made to safeguard East Asian interests, he said.

Dr Mahathir said efforts to forge co-operation with four other countries in Southeast Asia—Myanmar [Burma], Laos, Cambodia and Vietnam—were a good move which could strengthen ASEAN and ASEAN decisions involving East Asia.

Japan Criticized for Complaints About Trade

BK2707103894 Kuala Lumpur NEW STRAITS TIMES in English 21 Jul 94 p 14

[Text] Malaysia is concerned that Japan has chosen to unilaterally determine what policies and actions taken by major trading partners are inconsistent with the General Agreement on Tariffs and Trade (GATT).

A Ministry of International Trade and Industry (MITI) statement yesterday said such a decision should be made under GATT.

As Japan has always taken a strong stand against unilateral trade measures and has upheld GATT as the forum for resolving trade disputes, the report by MITI Japan is inconsistent with her stand.

The MITI Malaysia statement was made in response to MITI Japan's "1994 Report on Unfair Trade Policies With Major Trading Partners" which examines the trade

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policies and measures of Japan's 10 major trading partners, namely the United States, the European Union, [South] Korea, Hong Kong, Singapore, Australia, Thailand, Indonesia, Malaysia, and Canada.

The report highlights several aspects of Malaysia's trade policies which are alleged to be unfair in respect of quantitative restrictions, tariffs, Malaysia's industrial policy for the domestic motorcar industry, protection of intellectual property rights, and trade in services.

One complaint was on the ban of log exports, which MITI said is a restriction in place to implement sustainable forest management.

Although it acknowledges Malaysia's efforts to reduce its tariffs under the Uruguay Round, the report claims tariffs on textiles and clothing and transport equipment to be high.

MITI responded that Malaysia had offered to reduce and bind tariffs on 7,197 items, comprising 5,900 industrial items and 1,297 agricultural items.

This was a significant concession increasing the scope of bindings of Malaysia's tariff lines from one percent pre-Uruguay Round to 65 percent.

As a result, Malaysia's trade-weighted tariff for industrial products would be reduced to 8.9 percent from 10.2 percent pre-Uruguay Round.

This is lower than that of some developed countries and compares favourably with that of most developing countries.

On Malaysia's policy for its domestic motorcar industry, MITI denied that the completely knocked down (CKD) imported parts used by Proton [National Automobile Industry] are exempted from import duty as alleged in the report, saying that an import duty of 13 percent is being paid.

Malaysia had also agreed to undertake the phasing out of all local content requirements within the five-year period provided for under the Trade-Related Aspects of Investment Measures (TRIMS).

The criticisms on intellectual property rights were very general and not directly targetted at Malaysia whose laws and regulations on the issue are generally in line with international norms and standards.

Existing legislations are being brought into conformity with the obligations under the Uruguay Round TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement and new legislations would be drafted where necessary.

The report mentioned that foreign participation of trade in services is limited to a maximum of 30 percent equity in service sectors such as advertising, insurance, and tourism.

However, under Malaysia's services offer in the Uruguay Round, the 30 percent foreign equity participation was indicated as a horizontal measure applying to all services sectors.

MITI said Malaysia is not a signatory to the Government Procurement Agreement and would not accede to this agreement under the Uruguay Round as it is not part of the Final Act.

It said the writing of such a report by Japan was unproductive as it duplicates the work of GATT and in fact undermines GATT's credibility in maintaining and strengthening the multilateral trading system.

Foreign Banks Not Allowed To Open Branches

BK2707025294 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 26 Jul 94

[Text] The government will not allow any more foreign banks to open up branches in the country in keeping with its policy to freeze the issuance of new banking licenses. Deputy Prime Minister Datuk Sri Anwar Ibrahim said the existing financial institutions could serve the financial needs of the public. Malaysian financial institutions with more than 49 percent of their equity held by foreign entities will also not be permitted to open new branches.

He told the Dewan Negara [House of Representatives] that all 16 foreign banks in the country were required to transfer their Malaysian branch operations to locally incorporated subsidiaries by 30 September this year under a provision in the Bank and Financial Institutions Act enforced in 1989. So far, six foreign bank branches have done so.

Datuk Sri Anwar also said 421 applications for assistance under the revolving entrepreneur rehabilitation fund had been approved after 30 June this year. The loans given out totalled 969.43 million ringgit.

King's Brother To Face Action for Israel Visit

BK2607145794 Kuala Lumpur NEW STRAITS TIMES in English 25 Jul 94 p 1

[Reprt by Vincent de Paul]

[Excerpt] Kuala Lumpur, Sun.—Action will be taken against Melewar Corporation Bhd. [Limited] Group chairman Tunku Abdullah Tuanku Abdul Rahman for breaking the country's laws by visiting Israel recently, Law Minister Datuk Syed Hamid Albar said today.

He said police would question Tunku Abdullah when he returns from abroad and investigate his purpose for visiting Israel with which Malaysia has no diplomatic relations.

"On the surface, it seems he has committed a crime by visiting a country which is prohibited under Malaysian law," Syed Hamid told reporters after delivering a talk

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on the amendments to the UMNO [United Malays National Organization] Constitution at the Jalan Menteri UMNO Branch.

Tunku Abdullah, who is the brother of the yang dipertuan agong [paramount ruler] Tuanku Jaafar, had on July 16 issued a statement admitting that he had gone to Tel Aviv on "a personal visit" for three days in June.

Asked what kind of action would be taken against Tunku Abdullah, Syed Hamid said it was possible that the government might confiscate his passport.

He said no one was above the law and the fact that Tunku Abdullah had broken the law meant that he would be subjected to some sort of punishment just like any other citizen.

Asked to comment on Prime Minister Datuk Sri Dr. Mahathir Mohamed's statement earlier that no action would be taken against Tunku Abdullah Syed Hamid said:

"I think your information is not correct."

He said Dr. Mahathir had told the cabinet meeting in Penang last Wednesday that action would be taken against Tunku Abdullah when he returns after police have completed their investigations.

Dr. Mahathir had on July 18 said that if action was to be taken against Tunku Abdullah, then the same action should also be faced by others who had visited Israel, referring to reports that a journalist with UTUSAN MELAYU had also visited Israel recently. [passage omitted]

Radio Two To Begin 24-Hour Program 1 Aug

BK2407144394 Kuala Lumpur BERITA HARIAN in Malay 14 Jul 94 p 4

[Excerpt] Kuala Lumpur, Wednesday [13 July]—Radio Television Malaysia [RTM] will turn Radio Two, better known as "FM Stereo," into a 24-hour music channel effective 1 August.

Information Minister Datuk Mohamed Rahmat said the Information Ministry had studied the need to provide entertainment to the people, particularly the younger generation, and to market the national music industry.

"We know that the youth need more entertainment. We are also aware that the music industry, which is worth RM [Malaysian ringgit] 500 million annually faces the problem of marketing its products.

"Accordingly, the Information Ministry authorized RTM to turn Radio Two or FM Stereo into a 24-hour music channel. This channel will broadcast music all the time," he said.

He said this to reporters after chairing a meeting of ministry officials here today. Earlier, he attended a weekly cabinet meeting. [passage omitted]

Singapore

Editorial Views Economic Ties With Indonesia

BK2707011194 Singapore BUSINESS TIMES in English 26 Jul 94 p 14

[Editorial: "Singapore-Riau progress"]

[Text] Bilateral ties between Singapore and Indonesia look as good as ever, judging from last week's events in Bintan. The Joint Ministerial Meeting, attended by top officials from the two countries, was more than just a public affirmation of the close ties that led to the "twinning" of Singapore and Indonesia's Riau province. They marked a serious commitment to work together, with ambitious joint projects involving a stunning US$10.3 billion (S$15.5 billion) worth of capital. Already, at least one project—the Batam Industrial Park—is bearing fruit in terms of exports, jobs and skills training for Indonesia. The Bintan Industrial Estate looks set to be a similar success story, with the first factory having started operations and enquiries coming in from keen prospective investors. The proposed mega-resorts in Bintan will be ready for the first tourists in October. The signal achievement will be the development of Bintan's water resources, a US$5.9 billion effort to provide for the water supply needs of both the Riaus as well as Singapore. While outstanding issues need to be resolved, both sides want to see this project through.

What is clear from the progress reports by the ministers last week is the validity of the principle behind the "growth triangle" concept, which first drew Singapore and the Riaus together, along with the Southern Malaysian state of Johor. The concept is based on the principle that contiguous economic areas should work together, building upon each other's strengths and granting each other some elements of national treatment. It was mooted in the 1970s, and the groundwork laid in the 1980s. Now in the 1990s, the joint projects are getting off the ground, although a great deal of hard work remains to be done to ensure that the resorts, the industrial ventures and the water project come to fruition.

What is even more gratifying is that what started out as a partnership to develop the Singapore-Riaus region has begun to extend to the whole of Indonesia. Recent figures show that Singapore has emerged as Indonesia's biggest investor, with projects blossoming in more distant areas like Sulawesi and East Java. The two countries' intention to work together to draw more tourists to new venues in Indonesia is yet another instance where synergies between close neighbours can create a "win-win" situation. Recent bold moves by Indonesia to liberalise its investment climate have, of course, been a further catalyst.

An even bigger challenge lies ahead as the race for investments among Asian countries hots up. Singapore and Indonesia must continue to present a joint front to potential investors, showing them how to use the assets

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of each country to the investors' benefit. This will mean looking beyond who gets the multimillion dollar investments—an investor's decision to pump money in the Riaus, for instance, isn't a sign that Singapore has lost that investment, and vice versa. Instead, both countries must consistently build upon each other's strengths—facilitating the access of goods and building up infrastructure support, for instance, thereby boosting a project's chances of success. If they succeed, the benefits will be tremendous for both sides and will endure for a long time to come.

Cambodia

Editorial Views SRV Attempt To Join ASEAN

BK2707054494 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 26 Jul 94

[Station editorial: "ASEAN Rejects Communist Vietnamese's Request for Membership in an Attempt To Legalize Its Occupation of Cambodia"]

[Text] Before and during the ASEAN meeting which ended recently, the communist Vietnamese and the ill-behaved allies, especially Australia, ran about in an attempt to fool the others into accepting the communist Vietnamese as an ASEAN member.

Why have the communist Vietnamese tried hard to become an ASEAN member?

Everyone still remembers well that from 1979 to the recent past, the communist Vietnamese vigorously opposed ASEAN only because the latter condemned their aggression against Cambodia. But now, why do they want to become an ASEAN member?

Previously, they opposed ASEAN because they wanted to annex Cambodia. They are now embracing the ASEAN also because they want to annex Cambodia. The communist Vietnamese have not changed this strategic goal. They have changed only some tactics in the effort to achieve this strategy.

The annexation of Cambodia and Laos has been the main strategy of the communist Vietnamese all along, since 1930. This is the testament given by the late Ho Chi Minh in 1969 and the successive order of the Communist Party of Vietnam. Le Duc Anh, previously commander of the aggressor communist Vietnamese forces in Cambodia and currently president of Vietnam, is the chief executor of this order to annex Cambodia. He is willing to do anything and does not hesitate to make all kinds of promises just to enable Vietnam to join ASEAN so it can legalize its occupation of Cambodia. This is because:

1. Once the communist Vietnamese become an ASEAN member, it will mean that the countries in the region and the international community accept that the communist Vietnamese are not involved in the Cambodian problem any more. But in fact, the communist Vietnamese have swallowed up and are gulping down Cambodia over the past 15 years and now through their military war, through the 100 percent of the communist Vietnamese puppet administration in the provinces and 99 percent in Phnom Penh, and particularly through the four million Vietnamese settlers and the newcomers which have kept flowing into Cambodia.

2. Once they enter ASEAN, they will dissuade ASEAN from paying any more attention to the Cambodian problem while inciting their puppets in Cambodia and their allies to continue the war. At the same time, they will continue sending the Vietnamese to annex and turn Cambodia into a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam].

This means that the communist Vietnamese are implementing the strategy and tactics of annexing Cambodia while trying to join ASEAN in order to gag ASEAN and the international community. By then, the Vietnamese will have a bulk of forces not only in Vietnam, but also in Laos and Cambodia which will then be legally annexed. Through this bulk of forces, the Vietnamese will be able to rock ASEAN from the outside and inside since they will be a member. This is why the communist Vietnamese have wanted anxiously to become an ASEAN member. It is not because of economic, trade, or cultural matters that they want to join ASEAN. They only want to realize their strategic goal to get ASEAN's stamp of approval.

ASEAN, however, has not yet given membership to the communist Vietnamese. Their evil and perfidious design has been exposed and strongly condemned by the Cambodian nation and people and the Provisional Government of National Union and National Salvation of Cambodia together with the peace- and justice-loving nations and peoples in the region.

The communist Vietnamese still remain and will continue to be a long-standing danger to both Cambodia and ASEAN and the entire region.

Khmer Rouge Claims Right To Purchase Arms

BK2707010794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 26 Jul 94

[Statement of the Office of the National Army Minister of the Provisional Government of National Union and National Salvation issued on 26 July; place not given—read by announcer]

[Text] I. Currently, bad elements in the Western alliance, such as the United States, France, and Australia, are actively joining communist Vietnam, its puppets, and the two-headed warmongers in Phnom Penh in continuing to fan the flames of the aggressive war of communist Vietnam and to do away with the Cambodian nation, people, and race without the slightest regard for

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international law, the UN Charter, or the Cambodian people's right to self-determination.

As a matter of fact:

1. They have been busily sending military personnel to help the communist Vietnamese puppets and two-headed government—communist Vietnam's instrument of fascism and dictatorship—and they ceaselessly continue to send more.

2. They have been supplying arms to the communist Vietnamese puppets and the two-headed government—communist Vietnam's instrument of fascism and dictatorship—both overtly and secretly, and they ceaselessly continue to send more.

II. In the past, these allies of the two-headed government trampled on the Paris accords, challenged the Supreme National Council, opposed national reconciliation efforts, refused to verify and control the aggressor communist Vietnamese forces, and organized a fraudulent election to legitimize communist Vietnam's aggression against Cambodia and legalize the Vietnamese immigrants who now number more than four million permitting them to seize and occupy Cambodia with impunity. They continued to fan the flames of aggressor communist Vietnam's war, which has been burning Cambodia for the past 15 years, wreaking more devastating and endless havoc on the Cambodian nation and people. Through that, they have threatened peace and stability in the region and all of Asia-Pacific.

III. The Provisional Government of National Union and National Salvation [PGNUNS], as a nation and people-loving government whose duty is to save the nation from the destructive war of communist Vietnam, communist Vietnamese puppets, two-headed government, and the alliance, would like to make the following solemn declaration:

1. The United States, France, Australia, and other countries are requested to immediately and permanently end the supply of all kinds of military aid and military personnel to the two-headed government of which, in reality, 99 percent constitutes the war machine used by aggressor communist Vietnam to exterminate the Cambodian race.

2. Should they refuse to stop supplying military aid and military personnel to the two-headed government, the PGNUNS has every right to purchase arms and solicit military aid from foreign countries to defend itself and withstand aggressor communist Vietnam's war eascalation by the allies of the two-headed government.

IV. The PGNUNS would like to stress once again that it firmly adheres to the stance of national reconciliation, national unity, and genuine peace in Cambodia and it wishes that the war of aggressor communist Vietnam in Cambodia will come to an immediate end through peaceful negotiations. This unshaken stance of the PGNUNS fully conforms with the earnest and urgent demand of his majesty the king and of the entire Cambodian nation and people. It also conforms with the fervent desire of countries and peoples in this region.

26 July 1994

The Office of the Minister of the National Army of the PGNUNS, [Signed] Khieu Samphan

Corporation's Illegal Logging in Ratanakiri

94SE0134A Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 7 May 94 pp 1,4

[Text] More Than 50,000 Cubic Meters of Wood Ready to Go to Vietnam.

An official source from the Military Operations Headquarters in Ratanakiri Province on the Cambodia - Laos - Vietnam border has reported that there is more than 50,000 cubic meters of timber in Ratanakiri Province which logging companies have cut and are planning to export in Vietnam. Nearly all of this wood is wood that has been recently cut.

Previously an agricultural official in Ratanakiri Province told a reporter for *Reaksmei Kampuchea* that more than 40,000 cubic meters of large trees had been cut recently in the O Tang - O Liev and Andong Meas regions from the Lao border along the border to the Ratanakiri - Mondolkiri border. A new route has just been cut through which wood can be smuggled into Vietnam.

Earlier, we also received information from Taranakiri that a number of logging companies continued destructive timber cutting in order to continue exporting in spite of the government's law prohibiting that as of 1 April 1994. The source reported that the company which was continuing to cut trees in that forest was a Vietnamese company.

However the official source from the Military Operations Headquarters in Ratanakiri Province which reported to Samdech Krom Preah Norodom Ranariddh, the First Prime Mininster, and to Samdech Hun Sen, the Second Prime Minister and to a number of concerned ministries, reported that there are four companies which are engaged in the logging business and are cutting new timber in Ratanakiri Province: the Heng Ngiep Co., the SULFATCO Co., the CONIMEX Co., and the NAFORIMEX Co. All four companies had permission from the royal government to export about 24,000 cubic meters of old logs prior to 1 April 1994: 4,000 cubic meters for the Heng Ngiep Co., 10,000 cubic meters for the SULFATCO Co., and 10,000 cubic meters for the CONIMEX AND NAFORIMEX Companies.

This report also reveals that at the present time in the region where the Military Operations Headquarters for Ratanakiri Province is located some companies have conspired with a number of opportunists to cut timber illegally, completely counter to the laws.

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This report provided a clear example to show that although the law allows the collecting of previously cut timber for export, they are cutting new trees almost exclusively. The law allows the export of 24,000 cubic meters of old logs, but [they] have cut possibly more than 50,000 cubic meters of new trees including many luxury trees such as Beng (*Afzelia xylocarpa*), Neang Nuon, Thnong (*Pterocarpus cambodianus*) and trees which have not yet reached 70 percent growth. And recently all these logging companies have built roads winding around the border for exporting secretly into Vietnam without being supervised by any appropriate ministry.

This report asked the First Prime Minister Samdech Krom Preah, the Second Prime Minister, and their excellencies of the appropriate ministries to take suitable steps and then make a careful investigation on the spot in order to wipe out this corruption and the selfish destruction of the country's natural resources.

Former SOC Said Effective in Fighting KR

94SE0134E Phnom Penh KAOH SANTEPHEAP in Cambodian 4-5 May 94 pp 1-4

[TEXT] Is There Really Still a Refuge?

The nation has begun to fall miserably to a degree never encountered by the former State of Cambodia (SOC).

At this time it is not economically critical, but rather critical from the Khmer Rouge war of aggression.

For more than a decade, the army of the former SOC attacked the Khmer Rouge [KR] hiding near the Cambodian-Thai border. But, after there was a union into a single force which excluded the Khmer Rouge, suddenly the "critical" situation has moved step by step straight to the Royal Capital Phnom Penh which is very unsettling.

In tandem with the Khmer Rouge lashing out in every direction, the policy of internal reconciliation has begun "to crack" seemingly along with the continuing bad situation on the outside.

More than 2 billion dollars which the world brought to spend on the "picnic" in Cambodia seems to be hustling the Cambodian people into the tunnel of death for a second time.

A policy of loving Cambodia more than the Cambodians is being carried out. Is any result all right so long as Cambodia does not fall into the hands of the genocidal communists?

Perhaps we cannot avoid being among the survivors.

Indonesia

Editorial Urges ASEAN To 'Nudge' Burma

BK2707062794 Jakarta THE JAKARTA POST in English 22 July 94 p 4

[Editorial: "Suu Kyi's Sixth Year"]

[Text] Aung San Suu Kyi, an outspoken leader of the Myanmarese [Burmese] political movement, enters her sixth year under house arrest this week.

Suu Kyi, a daughter of Myanmarese national hero, Aung San, has been held without trial all this time by the military junta, known by SLORC, the acronym for State Law and Order Restoration Council. Her only crime: Leading the National League for Democracy party towards a landslide victory in the 1990 democratic general election.

There have been a lot of strong protests heard since Wednesday from many Western leaders and human rights groups but—God knows why—no such fuss has been heard from this part of our beloved planet earth.

In Yangon [Rangoon], in an apparent effort to mute the world's condemnation, SLORC's leader Lieutenant General Khin Nyunt, told a Japanese newspaper on Wednesday that his junta would release Suu Kyi from arrest if she agreed to leave the country for five years.

Unfortunately, that offer is likely to sound like little more than a cruel hoax to the uncompromising Suu Kyi, who has become the conscience of the Myanmarese people. And yet, it clearly bears the message that the SLORC needs a face-saving arrangement to eventually return what it has taken from the people.

Since SLORC's initial moves, Western leaders have been calling for isolation and sanctions to force the Myanmarese junta to return to their senses and honor the result of the 1990 elections. Human rights groups, U.S. President Bill Clinton and the UN special monitor of human rights in Myanmar [Burma], agree that the Myanmarese military regime has one of the most dismal human rights records of any leadership on earth. The SLORC, which was formed in 1988 after a brutal suppression of the people's will, has even been accused of open cooperation with opium producers.

Many countries believe that what the junta has done to its people is a serious crime against humanity, but the Association of Southeast Asian Nations has chosen its own "constructive engagement" towards the regime. Members of the regional grouping claim that they have their own attitudes toward human rights, based on their own experiences. And some people within this region have also said that ASEAN should not go so far as to intervene into another country's internal problems.

However, the presence of the regime which has annulled democratic elections at home as a special guest of host Thailand at the Association's meeting now underway in Bangkok, has left us with the impression that, despite the disclaimers, some sort of intervention into Myanmarese internal issues may be in the offing.

No matter how ceremonial the SLORC's presence is meant to be at the ASEAN meeting, it could unavoidably

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tarnish the organization's image as a grouping of democratic countries, which, in their own ways, respect universal rights.

In relation to this, it is clear at this time that if any of the ASEAN member countries are eying economic cooperation with the military-ruled Myanmar, they should realize that they would appear much wiser and more ethical if they acted on this desire after the country has become a democratic economy.

To counter any suspicions, the best thing ASEAN could do right now is to nudge SLORC toward respecting Aung San Suu Kyi's basic rights and into easing democracy back into place.

Indonesia, which is now leading the Nonaligned Movement and has been successful in many diplomatic efforts, is in the best position to sponsor such a step.

Spokesman Rejects Conditions on Arms Sale

BK2607134194 Jakarta REPUBLIKA in Indonesian 16 Jul 94 p 16

[Excerpt] Jakarta, REPUBLIKA—Indonesia will not succumb to political pressure from any party, including a link between an arms sale and human rights. "If that happens, there will be no problem. Let alone for light arms, there are many alternatives from other countries," Brigadier General Syarwan Hamid, head of the Information Center of the Armed Forces of the Republic of Indonesia, told REPUBLIKA on Friday evening (15 July).

AFP reported yesterday (15 July) that the U.S. Senate voted for a draft bill which will restrict the sale of light arms to Indonesia until there is tangible progress about the implementation of human rights in East Timor. The draft bill, which was passed by the U.S. House of Representatives last May, will later be discussed by a Senate committee.

The draft bill called the Foreign Assistance Appropriations Bill [preceding five words in English] recommends that the U.S. Government "stop the sale of light arms and antiriot gear until the State Department reports tangible progress about the implementation of human rights in East Timor and other regions in Indonesia."

Syarwan himself was puzzled over the U.S. Senate's stance. According to him, Indonesia has done its best to place the youngest province on par with other provinces. "The efforts have been extraordinary," he said seriously.

"Should unexpected things happen, that would be really out of control." He said that any violence would, however, not be tolerated. There should be means to tackle it. [passage omitted covered by referent item]

Lawyers Meet Jailed East Timor Leader Gusmao

BK2707012294 Jakarta ANTARA in English 1053 GMT 26 Jul 94

[Text] Jakarta, July 26 (OANA/ANTARA)—Chief of the Indonesian Legal Aid Foundation (YLBHI) Adnan Buyung Nasution here Tuesday managed to see former leader of the East Timor anti-integration movement Jose Alexandre "Xanana" Gusmao.

Gusmao who is now serving a 20-year imprisonment at the Cipinang Correctional Institution looks okay, said Nasution who was accompanied by other YLBHI lawyers Luhut Pangaribuan and Frans Hendrawinarta.

"He's fine and said he's happy to see his lawyers," he added.

Nasution also said that his meeting with Xanana was closed to reporters because everything was "classified."

"It is something between a convict and his lawyers. Everybody must respect the nature of our meeting," he told a dozen of foreign and local journalists who accompanied him to Cipinang.

Nasution said he should praise the government—in this case chief of the Cipinang Correctional Institution Suharto—who allowed him and his colleagues to spend around two hours in a special room with Xanana.

"The institution clearly respects our position," he said adding that he saw no signs of any effort to prevent him for talking freely with Xanana.

According to Nasution, he is still to see Xanana again on Thursday (July 28) because the first meeting was not yet "sufficient."

He admitted that he is facing a language barrier in communicating with Xanana who does not speak Indonesian or English fluently.

"We will need the help of a government-approved interpreter," he added.

Nasution and Pangaribuan shared the opinion that their meeting with Xanana will improve Indonesia's image in the international community as it reflects Indonesia's respect of legal process.

In 1993, Xanana was sentenced to life imprisonment by the Dili Court for his anti-integration and anti-Indonesia campaigns in East Timor.

His sentence, however, was reduced to 20 years of imprisonment through a presidential decree issued on Aug. 13, 1993.

East Timor, formerly a Portuguese colony for over 400 years, integrated with Indonesia in 1976 after the majority of its people exercised their self-determination through the issuance of the Balibo Declaration a year earlier.

German Envoy Says Aid Reflects Trust

BK2607133094 Jakarta SUARA PEMBARUAN in Indonesian 13 Jul 94 p 4

[Excerpts] Jakarta, 13 July—Karl Walter Lewalter, German ambassador to Indonesia, said on Tuesday, 12

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July, that his country's continued aid commitment to Indonesia reflects Bonn's confidence in the government's ability to manage and use the fund for productive purposes.

"Germany provides the aid to Indonesia to show that it trusts the Indonesian Government," he said. "Germany's aid pledged for this fiscal year is not just an ordinary amount but a symbol of our trust in Indonesia."

The German ambassador said this at the ceremony to mark the signing of a cooperation agreement in financial matters between Indonesia and Germany at the Foreign Affairs Department in Jakarta. [passage omitted]

Under the agreement, Germany agrees to provide DM [German mark] 160 million worth of loan and grant to Indonesia as the last part of its commitment under the CGI [Consultative Group on Indonesia] for the 1993-1994 fiscal year.

Germany has also pledged to provide DM 129.4 million worth of soft loans on the condition that Indonesia has to repay the debt within 30 years with 0.75 percent interest rate per year.

The aid will be used to support the government's program to improve electricity generating projects in Ungaran, Klaten, East Kalimantan, North Sumatera, and West Sumatera. The aid will also be utilized for the second stage rehabilitation of diesel locomotives and for the purchase of spareparts for ferries.

Apart from the soft loan, Germany has also pledged a DM 30.6 million grant for clean water and waste control projects in Bengkulu and for boosting industrial efficiency and pollution control. [passage omitted]

Laos

Memorandum on Japanese Aid for 1994 Signed

BK2607161094 Vientiane KPL in English 0956 GMT 26 Jul 94

[Text] Vientiane, July 26 (KPL)—The Japanese Government has provided assistance worth 4,309,914,000 yens, (Japanese currency) to the Lao PDR [People's Democratic Republic] in 1994.

The memorandum concerning the aid was signed on July 25 at the Ministry for Foreign Affairs by Phongsavat Boupha, deputy minister for foreign affairs, and Masao Wada, Japanese ambassador to the Lao PDR, in the presence of high ranking officials from both sides.

According to the memorandum, the assistance will be used for the implementation of four projects in 1994. These include the 1,120,000 yens Chinaimo water supply improvement project in Vientiane, the 1,307,000,000 yens improvement and construction project of bridges on Road 13, the 476,000,000 yens comprehensive rural agricultural development project (phase two) in Savannakhet Province, and the 155,914,000 yens debt relief project for the Nam Ngum hydro-power dam project, which the Lao Government will use for procurement of necessary materials for socioeconomic development in the first half of this year.

Radio Cooperation Discussed With Vietnamese

BK2607155894 Vientiane KPL in English 0918 GMT 26 Jul 94

[Text] Vientiane, July 26 (KPL)—A consultative meeting was held at the conference room of the Ministry of Information and Culture yesterday between the delegations of the Lao national radio station and of the Vietnam radio station.

Heading the Lao side was Bounteng Vongsai, deputy-minister of information and culture, in charge of mass media affairs, and the Vietnamese side was headed by Mai Thuc Long, vice-editor-in-chief of the Vietnam radio station.

The two sides informed each other of the situation of radio broadcasting in each country, reviewed the implementation of their agreement, and discussed further cooperation and assistance in the future.

The Vietnamese delegation arrived here on July 24 on a working visit to Laos for more than a week.

Seminar on Drug Inspection Techniques Concludes

BK2407105494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 23 Jul 94

[Text] The third seminar on techniques for inspection and searching for narcotic drugs, which opened in Vientiane on 11 July, has now successfully closed. The seminar was attended by Souban Salitthilat, acting foreign affairs minister and chairman of the Lao National Committee for the Control and Suppression of Narcotic Drugs [LNCCSND]; representatives of the Customs Department of the United Kingdom; and some 20 officials from the Customs Department, the Public Prosecution Department, the LNCCSND, and 10 provinces and municipalities. The seminar was funded with the sponsorship of U.S. $40,000 from the Customs Department of the United Kingdom.

The participants at the seminar studied various documents on techniques for searching and inspecting such hiding places as automobiles, packages, and other containers for narcotic drugs; techniques in conducting interrogation and investigation by authorities; and documents on the classification of various kinds of narcotic drugs. They also participated in practical operations at various places in Vientiane Municipality, such as (?Wattai airport), the Thanaleng border crossing point, and the Mekong friendship bridge.

In addition, the representatives of the Customs Department of the United Kingdom also conferred six medals

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of recognition on authorities of the LNCCSNC; presented certificates of recognition to the participants; and gave U.S. $4,000 to the Lao Government to purchase a boat for use in drug suppression activities in Bokeo Province, 10 sets of drug classification apparatuses, and some documents and videotapes on drug inspection techniques for future use.

Agreement on Lignite Power Project Signed

BK2607132694 Vientiane KPL in English 0928 GMT 26 Jul 94

[Text] Vientiane, July 26 (KPL)—The Lao Government has signed with Thai-Lao Lignite Co. Ltd. an agreement to build a fired lignite power project in the special region of Sianghon-Hongsa.

The Lao Government was represented by Leuan Sombounekhan, vice-chairman of the Committee for Planning and Cooperation, in the signing of the agreement at the Lan Xang hotel, Vientiane, on July 23.

This power project will shortly start operations with establishing a Thai-Lao Power Co. Ltd. with a registered capital of 1,000 million U.S. dollars. Shareholders include Thai-Lao Lignite Co. Ltd., Thai financial institutions and banks and companies from a third country interested in this venture.

When completed, the power plant will be capable of generating 600 mgw power which can be exported to foreign countries like Thailand. Power distribution from this plant is expected to be realized between the end of 1998 and the beginning of 1999.

With a concession granted by the Lao Government, the Thai-Lao Lignite Co. Ltd. has in the middle of 1992 started a feasibility study of this project on Fai Mai Mount in the area of Hongsa District. So far, already 80 lignite pits have been mined at a depth of 300 to 350 metres in an area of eight square kilometres. Initial estimate shows that there will be about 190 to 200 million tons of lignite.

Philippines

Syndicate Sending Chinese to U.S. Said Busted

BK2607145594 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 25 Jul 94

[Text] An international syndicate involved in smuggling mainland Chinese nationals to the United States using Manila as a departure point was believed to have been busted by National Bureau of Investigation [NBI] agents at the Ninoy Aquino International Airport.

Earlier, NBI Director Epimaco Velasco presented to the media five Chinese nationals arrested by NBI agents at the airport.

The suspects were given Filipino names, namely: Lourdes (Dong Shupang), Carlota (Wang Wang Din), Resa (Shing Kay Ro), Violeta (Dong Men Tin), and Dong (Ja Lom). Confiscated from the suspects were their fake Philippine passports and U.S. visas.

Two persons accompanying the suspects were also arrested. They were Elena Salazar and a Manila police officer identified as Dominador Santos.

The five were about to board their Philippine Airlines Flight PR 104 bound for Hawaii when arrested by the NBI agents.

Ramos Views Government's Achievements, Plans

BK2607160194 Quezon City PTV-4 Television Network in English 0700 GMT 25 Jul 94

[State-of-the-nation address by President Fidel V. Ramos at the National Assembly Building in Quezon City—live]

[Excerpts] [passage omitted] Ladies and gentlemen of the Ninth Congress, over these two years we have come a long way together toward our shared vision of a better life for Filipinos as we enter the 21st century.

The first year, we devoted to putting our house in order, to restoring political stability, enhancing national unity, and strengthening social cohesion, as the requisites for economic recovery.

The second, we devoted to liberalizing the economy, opening it to competition, and leveling the playing field of enterprise. Already, we are beginning to enjoy the modest fruits of these first reforms.

The insurgency no longer exacts the toll of dead and wounded that it did over the last 10 years.

Approved investments over the first semester of 1994 have totalled P240 billion [Philippine pesos], more than double our expectation for the whole of 1994. Tourist arrivals are growing at 19 percent on an annualized basis. And the Philippines has reestablished its credit worthiness with the international financial network, as well as regained the confidence of the world's donor community.

If we began under a smog of skepticism, we have proved to ourselves how much we can do if only we put our act together and (?work) as a national team.

Now that we have met our minimum goals, we can look beyond economic growth, to the full modernization of our country.

Laying the groundwork for modernizing our economy and our political system is the central task of this government and this Congress. And our end goal must be to secure social equity for the poorest among us, particularly the basic humanities of life to enable every single Filipino to develop his or her capabilities to their furthest limits.

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The record of those first two years is appended to this report which I submit for the congressional record. But let me sum up its highlights before I move on to our legislative program for this third session.

First, political stability: To restore civic order was our most pressing commitment. That commitment, you and I have redeemed. [applause]

Armed with reason and goodwill, we are well on our way to a lasting and honorable peace with dissidents and insurgents. All out war we (?did serve) for criminals, terrorists, and plunderers.

We have broken the back of the biggest crime syndicates, dismantled the most notorious armed groups, and effected changes in the leadership and chain of command of our police force to improve its credibility and efficiency. And we will not consider this work done until every citizen can feel reasonably safe at home, in the work place, and on the streets. [applause]

Second, the economy: We have begun dismantling the mechanisms of protection and privilege which have hobbled our economy these past 30 years, while also focusing on exports and global competitiveness.

The country now feels a surge towards growth that is wholly supported by such indicators as low interest rates, single digit inflation, a stable peso, sufficient foreign exchange reserves, rising investments, and the vigorous development of growth centers nationwide.

Our GNP grow at the rate of 4.8 percent in the first quarter of 1994, and we are confident it will hit 5 percent this year. [applause]

Thanks to the statesmanship of this legislature, we in the executive branch were able—under a grant of temporary emergency powers—to end last year's energy crisis.

Through innovations like the build-operate-and-transfer, or BOT schemes, we are better able to rebuild our long-neglected infrastructure.

We upgraded our science and technology manpower capability. By 1998, we shall produce around 3,000 competent scientists and engineers.

We have also established two additional Philippine science high schools in the Visayas and Mindanao. And we will continue to fast track the improvement of science and technology foundations of young Filipinos.

Already these efforts have began to pay off, not only in higher GNP growth and increased productive activities in the countryside. But what is more important is restoring to ordinary Filipinos the sense that life can truly become better for themselves and their children. [passage omitted]

Sixth, foreign relations: Our country's emergence from under America's wings has given us Filipinos the chanc. after centuries of colonial passiveness, to make our own history.

We are renewing and expanding our contacts and friendships in East Asia and North America so that we can once again become attractive to foreign investment, trade, and also tourism.

I shall be visiting Western Europe in September to promote our trade, tourism, and investment programs in the European Union.

The message I carry wherever I travel abroad is clear and simple—the Philippines is back in business in the heart of the world's fastest growing region. And we have committed ourselves unequivocably to ASEAN and its ideal of open regionalism.

Together with our immediate neighbors and partners, we are building the regional architecture for our vision of a peaceful, neutral, and nuclear-free Southeast Asia.

How did we accomplish all of these? We were able to do what we did, not by emphasizing ideology, but by seeking consensus and taking actions. Not by setting people apart, but by bringing them together. Not by charisma, but by quiet competence and patience, ... patience, and more patience. [applause] [passage omitted]

Three modernizations we must achieve.

First, modernization of the economy. Increasing productivity and competitiveness.

Second, modernization of our politics. Making people empowerment work in place of political patronage.

Third, social reform. Modernization of the Filipino family and the national community.

We must prepare our economy for the new trading order ordained by the Uruguay Round of the General Agreement on Tariffs and Trade. Our survival in the evolving world trade organization will depend on how competitive our export industries can become. [passage omitted]

Let me now take up our task of modernization in more detail.

The first modernization is that of the economy. To make it more productive, to make it more competitive in the world, and to make room for the small and middle-sized industries which are the building blocks of economic democracy.

Export orientation is the only way to self-sustaining growth in our time. Its controlling element is an emergent global economy.

In the first five months of this year, our exports reached $5 billion at a growth rate of some 16.1 percent. This growth rate is expected to further increase in the years ahead. Protectionism for us has produced only retarded infant industries and a generation of political entrepreneurs who (?patterned) on unearned income from tariff barriers, tax holidays, import licenses, and behest loans.

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Thus, both self-interest and international commitment compel us to turn our economy outward toward participation in humankind shared adventure of development.

We signed Uruguay Round of agreements to improve our market access to the rich countries, and to qualify for special treatment in world trade.

The reduction worldwide of both tariff and nontariff barriers should benefit initially our export of agricultural products as well as our textiles and garments. In return, we commit ourselves to bringing down in a calibrated manner the barriers we have set up against the import of specific agricultural and meat products.

We have taken the following steps to improve our export competitiveness:
—For the Monetary Board, we are easing exporter's credits by lowering reserve requirements;
—Liberalizing outward dollar investment; and,
—Widening exporter's access to loans from the foreign currency deposit units of banks.

The export development council, I have asked to implement strategies and programs to enhance productivity in export industries.

I have already reduced import duties and a long list of capital equipment our export industries need. [applause] [passage omitted]

The last item in my report to this Congress concerns the cost of modernization. The 1995 budget complements our objectives of consolidating our economic and political gains and deepening social reform.

Our proposed expenditure of P384.7 billion is only 6.4 percent bigger than the budget you approved for 1994, just about enough to account for inflation. Yet, we proposed to spend 14 percent more than we did last year for social services.

We are increasing investments in our flagship infrastructure programs, as well as in human priorities: primary health care, basic education, safe drinking water, environmental sanitation, as well as family planning and nutrition programs. [applause]

We shall also be spreading safety nets for those social sectors disadvantaged by economic restructuring. Fully 27.8 percent of the new budget will be spent on social services. Our eventual target expenditure for these human priorities is 5 percent of gross national product. [applause]

From a crippling 42 percent of the whole budget in 1986, we expected service to drop to 28.7 percent in 1995. And in spite of the Central Bank debt and the continued borrowings made by the National Power Corporation, we hope to bring down the public sector deficit from 2.2 percent to just 1 percent of GNP.

This greatly reduced public sector deficit is possible because the proposed budget of the national government for 1995 which I am submitting today aims to generate a surplus of P15.5 billion. [applause]

Our children should not pay for what we now enjoy, rather, they should enjoy what we now pay for. [applause]

We are enforcing belt tightening and rigid fiscal controls everywhere in the executive branch including our public corporations because we realize how precarious and fragile our economic recovery is still is.

You and I know development exacts a price which all those who seek it must pay, that price we Filipinos have paid only reluctantly.

Our current tax effort, 14.7 percent of GNP—compared to the 18 percent average for Asian countries, in Malaysia it's at 22 percent—is totally inadequate for paying the cost of development.

In 1995, we intend to raise the tax effort to at least 17 percent of GNP.

Without a stable revenue base, the Philippines' state will remain weak and dependent. And for as long as our structural problems persist, we shall remain vulnerable to outside pressures and external political and economic shocks.

You and I know there is no free lunch in the world out there, just as there is no freedom for the weak.

Taxes are a necessary burden citizens must carry. And the best that government can do is to see to it that the burden falls heaviest on those who can bear and best carry it.

Yet, this judicious spreading of the burden, government in our country has not even been able to ensure.

The Filipino middle class and the poor actually bear disproportionately the burden of paying for public administration. And ironically, it is also those who suffer most greivously from the lack of basic social services which has substantially resulted from the very high rate of tax evasion by the powerful and the influential. [applause]

This government is sworn to simplify our tax system, broaden its base, lower its rate, and make it more progressive. The system we proposed is also economically efficient and socially equitable.

In the past, tax reform had largely been patchwork, meant only to clog the perennial fiscal deficit. But as we move towards the 21st century, we need to establish a progressive tax system capable of consistently meeting the cost of development and modernization.

Government also owes conscientious taxpayers the duty of prosecuting tax frauds and tax evaders, all those who seek a free ride on the public good without contributing to its provision. [applause]

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We will be especially severe on tax evasion by the powerful and the freeloaders, and on corruption among our tax functionaries.

In exchange for lower overall rates, we proposed to minimize the discretion of taxpayers and tax examiners.

The newly expanded value-added tax [VAT] law is meant to be a vital part of our tax reform package. It is designed to be more equitable and easier to enforce compared to the complex of 73, yes 73 sales taxes that it replaces. Those who propose to kill VAT denounce it as unfair and unjust. But from government's side of the fence, its main oppositors are mostly individuals of means who seek to evade their rightful share of the tax burden. [applause] [passage omitted]

Abu Sayyaf Transfers Custody of Hostage Priest

BK2607161294 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 26 Jul 94

[Text] Father Cirilo Nacorda is now being cared for by the Moro National Liberation Front [MNLF] under the leadership of Commander Jack Kakila. This was revealed earlier by General Arturo Enrile, Armed Forces of the Philippines chief of staff.

According to a report received by Enrile, Abu Sayyaf Chief Barhama Sali decided to transfer the priest to the MNLF's care so that he will be given protection due to the continuing military operation being launched against the Abu Sayyaf. Fr. Nacorda was brought to an area in Basilan controlled by the MNLF.

The priest's kidnappers still insist on a 3 million peso ransom demand.

Cardinal Urges Participation in Rally

BK2707010394 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 26 Jul 94

[Text] Jaime Cardinal Sin has called on all religious people, parents, students, teachers, and all Catholics to join a march which will be organized by bishops and priests on 14 August at 1500 at the Luneta.

The march will be an indignation rally against President Ramos' administration and his cabinet in connection with the government's current population policy.

Cardinal Sin emphasized the excessive abuse in the policies implementing contraception, sterilization, education, and abortion. These destroy the family and the children, he said.

Thailand

Comments on ASEAN Ministers' Meeting

BK2607133494

[Editorial Report] Bangkok MATICHON in Thai and Bangkok THAI RAT in Thai on 25 and 26 July carry editorials commenting on the 27th meeting of the ASEAN foreign ministers concludedin Bangkok on 23 July.

MATICHON's 26 July 450-word editorial, on page 2, entitled: "Somber ASEAN," notes that the just-concluded ASEAN foreign ministers' meeting failed to make any "spectacular achievements" when compared with the outcomes of the previous gathering.

Criticizing the Thai Government for banning a Thai private organization from hosting a conference on human rights issues during the ASEAN ministerial meeting, the editorial says: "The action taken by the Thai Government reflects the common attitude of the ASEAN countries that they will continue to avoid talking about each other's internal affairs, in particular the violation of human rights. The ASEAN countries could express their concern over something in which they are not involved, such as the situation in the former Yugoslavia, Korean peninsula, and the Middle East. At the same time, they do not like to see anyone voicing concern over their internal affairs.

"Such an attitude by ASEAN can be clearly seen from its beautifully worded 'constructive policy' toward Burma. Since the implementation of this policy several years ago, the Burmese junta has not yet come up with anything constructive about human rights at all. The only constructive thing is the increasing trade activities between ASEAN and Burma. The policy was designed to pave the way for Burma to become a full ASEAN member in the future. The apparent image of ASEAN countries is that they pay no attention to the rights and freedoms of their people.

"Considering the human rights violations in East Timor and Burma, the constructive policy of ASEAN probably has nothing to do with the freedoms and right to self-determination of the East Timorese and Burmese. If the people's rights and freedom are used as the criteria to determine the success of any policy, ASEAN's 'constructive policy' has not yet showed any sign of success. On the contrary, it indicates the somber aspects and narrow mind of the government that could not care less for the fate of humanity."

THAI RAT's 25 July 350-word editorial, on page 3, entitled: "27 Years of ASEAN," cites Prime Minister Chuan Likphai's address at the opening of the 27th ASEAN Ministerial Meeting in which he said ASEAN intends to have all 10 countries in the Southeast Asian region become full members. In other words, Vietnam, Cambodia, Laos, and Burma will later join this regional group.

The editorial says: "We wish to extend our congratulations to ASEAN for its success in grouping the countries in this region since its formation 27 years ago."

'Realistic' Expectations Urged

BK2707074694 Bangkok BANGKOK POST in English 27 Jul 94 p 4

[Editorial: "ARF Can Work If Given the Chance"]

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[Text] It took at least 12 attempts to come up with the final version of the chairman's statement issued on Monday night announcing the creation of the new ASEAN Regional Forum [ARF] on security.

According to some accounts, particularly tough talking took place during dinner after the first three-hour session had been adjourned so the 18 ministers or their equivalent could have an audience with His Majesty the King.

Whatever heat was generated is surely a good sign, even if it resulted in a slight toning down of what was then the latest draft. It is an indication that the participants were taking the forum seriously. The informal atmosphere helped to make the discussions "freewheeling", participants said.

Dropped were suggestions that in the future the forum might help set up a regional security studies centre, encourage countries to allow their neighbours to send observers to military exercises, organise seminars of security officials and support the exchange of defence white papers.

Also dropped were specific references to setting up a maritime information database, the targeted protection of sea lanes, an issue of particular importance to Japan. These were lumped together under the brief heading of maritime security.

Nevertheless, the final list of subjects that might be handled by the forum included confidence and security building, nuclear non- proliferation, the creation of a regional peace-keeping training centre, and exchanges of nonclassified military information. This was still much more specific than some earlier drafts.

The real test of the forum's effectiveness will be seen in principle next year when the forum's 18 members will have to start making decisions on the ideas that arose from Monday's brainstorming; and in practice if latent conflict in the region threatens to break out into major violence.

It is wise at this stage to retain a healthy scepticism about the process. But it is also reasonable to hope that the forum's birth in Bangkok can turn out to be the historic event that officials proclaimed it was. The expectations must be realistic, however.

As has been stressed time and again over the past few days, the forum is typical of ASEAN in its insistence on consensus. At this stage, US claims that the forum is part of Washington's game-plan—the political twin of the Asia-Pacific Economic Cooperation [APEC] group—sounds a bit like wishful thinking because the chairmanship of what is an ASEAN body will rotate only among ASEAN members.

Unless the United States decides to hijack the forum and tries to set the pace as it has done in APEC, the flow of actions is likely to be slow. But just as it is wrong to judge ASEAN by the achievements and objectives of other organisations such as the European Union, so it would be wrong to judge the ASEAN Regional Forum (ARF) by other forums for discussing security issues.

On Friday, Singaporean Foreign Minister Shunmugam Jayakumar talked of the "level of comfort conducive to the free exchange of views" that has arisen simply from the fact that ASEAN has met regularly since 1967. On Monday, non-ASEAN participants in the regional forum said they were impressed with the comradely atmosphere among ASEAN's ministers during the armchair meeting.

If that kind of feeling can be generated in the forum, then a valuable contribution towards creating confidence and stability in the region can be made. The informal approach might be more valuable here than in the meeting's prototype—the high-profile informal APEC summit in Seattle last November that so far has proven to be more form than substance.

But the forum is not going to solve everything. Freedom from armed conflict requires more than just dialogue and exchange of information.

Peace requires economic prosperity, fair distribution of wealth and resources, respect for human rights and dignity, respect for others' opinions, and the elimination of chauvinism and militarism.

Attitudes are at the heart of the matter. If participants are not really determined to avoid armed conflict, there is nothing the forum can do. The forum's value will depend on how people want to use it.

'Mixed Signals' From PRC

BK2707085894 Bangkok THE NATION in English 27 Jul 94 p A6

[Editorial: "After ARF success comes the tough part—China]

[Text] The hosts of this week's Asean Regional Forum [ARF] set such low targets for the security meeting that in the words of one insider, it would have been a success as long as the participants didn't end up brawling on the streets.

But by the close of the Monday's three-hour session, there was a general consensus among the participants that the meeting had indeed succeeded beyond all expectations.

Several of the representatives expressed genuine surprise at the free-wheeling nature of the discussions among the ministers, several of whom only five years ago were ideological foes.

The forum ended with a pledge to make the group a permanent part of the Asian diplomatic landscape and also for the participants to "endorse the purposes and

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principles" of the Asean Treat of Amity and Cooperation which promotes the resolution of international disputes through diplomacy and consultation.

The ministers further agreed to investigate a wide range of proposals for promoting peace and preventing conflict including nuclear non-proliferation, peacekeeping cooperation, exchanges of unclassified military information, maritime security issues and preventive diplomacy.

While the participants avoided going into sticky details, they did touch on the potentially explosive issues, including the Korean Peninsula and overlapping territorial claims in the South China Sea, in a lively and frank manner.

But after this initial success, comes the difficult part—translating the good feelings generated by the meeting into a force for arms control and defusing conflicts.

Post Cold War anxieties

The collapse of the Soviet empire and the end of the Cold War gave rise to a hope in the region that the trends of reconciliation and cooperation could replace unproductive confrontation.

But instead of the dawn of an era of harmony, the Cold War divisions have been replaced by new suspicions. While governments in much of the rest of the world are cutting back on their defence spending, Asia has witnessed a worrying rise in arms spending and the upgrading of military hardware and capabilities.

The principal cause of concern is a perception that the U.S., which has provided security for the region since the end of the Second World War, is pulling out.

Stepping into this vacuum is China, which has made little secret of its wish to restore its traditional influence over the region. Added to concern over China's military buildup, and especially its pursuit of weapons with the ability to project force far from its borders, are worries over how Japan will react to protect its vast economic interests in Asia.

Asean's response has been to encourage China to continue its outward looking economic policies in the hope that growing trade and investment ties will give Beijing a strong stake in maintaining regional stability.

At the ARF, China sent mixed signals.

Foreign Minister Qian Qichen said in his speech at the meeting that China is "pursuing an independent foreign policy of peace".

But effectively reinforcing Beijing's claims in the South China Sea, where it has garrisoned troops on some islands, Qian said: "China does not seek any sphere of influence and does not have a single soldier stationed on foreign soil, nor does it have any military base abroad."

China is the only one of the six South China Sea claimants not to have pledged to refrain from using violence to settle the issue. Earlier this year it passed a law sanctioning the use of military force to protect its claims in the potentially oil-rich area.

At the same time, though, China also used the Asean meetings to extend an invitation to Asean countries to discuss regional issues in Beijing early next year. This is an encouraging sign and a welcome break from Beijing's previous insistence on discussing foreign policy only on a bilateral basis—a demand that always exposed the smaller state to China's diplomatic weight.

Asean needs a China that it can trust. Getting China to endorse the Treaty of Amity was a good start. But the future promises to more problematic. Burying contentious issues, as was done at the ARF, will not help anyone but China. Most of the world's great powers showed at the ARF a desire to explore new means of security cooperation. Now is the time to make Beijing aware of that.

Indonesia's Alatas Denies East Timor Pressure

BK2707032294 Bangkok BANGKOK POST in English 27 Jul 94 pp 1,6

[Interview with Indonesian Foreign Minister Ali Alatas by BANGKOK POST reporters Anurat Maniphan and Peter Maitri Ungphakon in Bangkok on 26 July]

[Text] Indonesian Foreign Minister Ali Alatas denied yesterday that his government put pressure on the Thai government to suppress protests about East Timor, and complained that the Thai press had been manipulated by activists.

In an interview with the BANGKOK POST, he gave his first detailed account of why Jakarta had "informed" the Thai government about the activities of the East Timor activists and why it would have been offended if no action had been taken. He denied that this was bullying.

Mr Alatas warned that ASEAN would be torn apart if its members allowed separatist movements from fellow-members to use their countries to wage "political campaigns".

He compared the seminars about the East Timorese in the Philippines and Thailand with the possibility of Muslim non-governmental organisations [NGO's] in Indonesia and Malaysia holding seminars about southern Thailand and the southern Philippines.

He accused the BANGKOK POST in particular, which is strongly critical of Indonesia's East Timor policy, of failing to check its facts and of waging a campaign against Indonesia based on propaganda.

"We think there has been a whole misrepresentation of this entire East Timor thing."

The non-governmental organisations that organised the seminars on East Timor to coincide with the ASEAN ministerial meetings over the weekend had only heard

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the one-sided accounts of Jose Ramos-Horta, head of the umbrella National Council of Maubere Resistance, he said, and that was reflected in press reports.

"Just because Ramos-Horta is telling you these kinds of things, all that Indonesia has done is down the drain, and Indonesia is now the worst country in the world? Come on," he said.

Mr Alatas also accused international human rights organisations, such as Amnesty International, of basing their complaints against Indonesia on propaganda issued by the activists, whom he described as an isolated minority.

In its latest annual report, Amnesty accuses Indonesian security forces of having killed at least 100 and possibly 200 people in a massacre in November 1991. It also says 11 East Timorese prisoners of conscience remained in prison at the end of last year after receiving long sentences in unfair trials in 1992.

It complains that access to the area was restricted for human rights organisations, although Amnesty International is beginning to be allowed access. Mr Alatas said he issued an invitation to Amnesty to visit East Timor last month but no reply had been received so far.

Indonesia says that it has been battling an armed, undemocratic separatist movement and that the deaths in East Timor were the result of the warfare.

In his interview, Mr Alatas said that when the East Timorese were given the opportunity to choose in 1977, "the overwhelming majority chose integration." He explained that this conclusion was only based on a kind of referendum because at that time 80 percent of the people were illiterate—the result of 400 years of Portuguese colonialism.

"I'm willing at any time ... to answer questions, to engage in public debate about East Timor with anyone about the facts that have happened 17 years ago. This same group, Ramos-Horta, was the very same group that did not want a democratic referendum in East Timor in 1967 because they wanted freedom, independence through force of arms. They got the arms from the Portuguese. They were not a democratic movement."

Mr Alatas said the Indonesian government had raised no objections to seminars in other countries about the situation in East Timor until October 1992, when it learnt that Philippine non-governmental organisations were about to hold some meetings.

According to Mr Alatas, Jakarta received information that these seminars were being organised under instructions from Mr Ramos-Horta and concluded that they were political campaigns waged on behalf of the Ramos-Horta group in order to embarrass the Indonesian government.

Jakarta then merely "informed" the Philippine government of what was going on, he said.

"So I told the Philippines side: here is a group, a small group, calling themselves representing East Timor. But they are in actual fact only a small group. I know them all. They are about 15 abroad, and a few hundred inside East Timor as against 700,000 plus East Timorese who have decided 18 years ago that they wanted integration with Indonesia, because they are only half an island, they are the same people, the same language as the other half of the island."

Mr Alatas said the same happened in Thailand with the seminars over the weekend.

"If this were to happen, next time Indonesian NGOs or Malaysian NGOs could have a seminar on south Thailand ... that is easy to do. Malaysia could make a seminar on the situation in the south Philippines. What would happen with ASEAN then if that happens? ASEAN would then be torn from within if this is allowed to continue.

"That is all that we said to the Philippines. No pressure, we said. I hope you see it in your interest to see that this may affect ASEAN's intra-relationship, within ASEAN and the relationship between the Philippines and Indonesia.

"We said only the same things to Thailand. There was no bullying. There was no pressure. We only explained—and I think that is all right—our view about the nature of the seminar. We are of course gratified that after our explanations the Thai government saw the real nature of the seminar and took certain steps as did the Philippine government."

He also denied that it was because the Indonesian government could not understand the meaning of freedom of expression.

Mr Alatas compared the East Timorese activists with the Basques in Spain and the Irish Republican Army in Northern Ireland. "Yet nobody calls on Spain to give the Basques freedom. Nobody asks Britain to give the murderous Northern Irish terrorists a fair hearing or anything."

Asked whether the comparison was valid since the British government did not see permission to organise pro-IRA activities as an unfriendly act by the US government, Mr Alatas replied: "And that is also not my point. My point is not that the Thai government is unfriendly to us.

Vocational Center Proposed for Lao Returnees

BK2607145294 Bangkok BANGKOK POST in English 26 Jul 94 p 10

[Text] A Thai government proposal will call for a vocational training centre to be set up in Laos to train 12,000 Laotian refugees still in Thailand, according to a report from the National Security Council.

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The Thai Government's plan for the refugees will be proposed at a policy-making meeting of representatives from Laos, the United Nations High Commissioner for Refugees, and Thailand in Bangkok tomorrow and Thursday.

The report said goals set at a tripartite meeting in Luang Prabang three years ago to repatriate all Laotian refugees from Thailand at the end of this year was not likely to be achieved.

Last month, there were still 12,000 Laotian refugees in Thailand.

And according to the report, donor countries had become fed up with the problem and there was a tendency to rely on Laos and Thailand.

Thailand has been home for Laotian refugees for the past 19 years.

"Therefore, it is necessary for all parties concerned to come up with a new approach to solve the Laotian refugee problem," the report said.

"And also they must be able to show to the international community that the plan can solve the problem in a tangible manner and quickly."

The vocational training centre to be proposed by Thailand at the tripartite meeting this week in Bangkok will be funded by the UNHCR and non-governmental organisations.

It would serve as a training ground for the returnees before they are resettled, the report said.

Australian Minister Sees New Role for APEC

BK2707080794 Bangkok THE NATION in English 27 Jul 94 pp B1, B2

[Text] Australian Foreign Minister Gareth Evans yesterday suggested that the Asia Pacific Economic Cooperation group (Apec) move towards free trade. He said the time is coming when Apec will need to play a bigger role in removing obstacles to regional growth.

In his opening speech at the post-ministerial conference, Evans said, "We believe the time is coming when Apec will need to take on a new and even more significant role in economic integration going beyond its present very useful role as a body for Overseas Economic Cooperation Development (OECD)-style dialogue and cooperation, and for reaching agreement on trade facilitation strategies. It should go beyond what is achievable in the GATT (General Agreement on Tariffs and Trade) and new World Trade Organization (WTO), to become the vehicle through which trade in the region will be made free."

"How this will occur in practice is, of course, as yet unclear but we are optimistic that the decisions in Bogor in November will at least get the process moving," he said.

Australia and Asean are members of Apec, a regional grouping of 17 economies. The United States has publicly expressed its intention to turn Apec, originally designed as a loose consultative forum, into a free trade group. The move, however, received a cautious response from the Asean nations.

Aside from the further development of Apec, Evans also called for a link between the Asean Free Trade Area (Afta) and Closer Economic Relations (CER), a free trade agreement between Australia and New Zealand. Last April, the East Asia Analytical Unit produced a major study of Afta's implications. "One of the study's recommendations is that we explore the proposal for a link between Afta and our CER relationship with New Zealand, as suggested by Deputy Prime Minister Suphachai (Phanitchapak) of Thailand."

To come together with a common free trade objective, "we are continuing to discuss this idea with our Asean colleagues," he said.

Don McKinnon, New Zealand's Foreign Affairs and Trade Minister, also endorsed the idea. He said, "My Prime Minister has indicated New Zealand's views on the possibility of closer ties between CER and Afta. This is something I would very much like to hear your thoughts on. We would be happy to take the discussion further when Asean feels it wants to proceed."

Trade between Australia and Asean has grown enormously, reaching almost US$10 billion in 1992/1993. New Zealand has moved its primary focus from Europe to the point where 34 per cent of its trade is now with Asian countries.

Column Views Delegation's Burma Visit

94SE0156A Bangkok THAI RAT in Thai 31 May 94 p 8

[Article by "The Education Team": "The Fine Arts Department Revives Relations"]

[Excerpt] The ancient saying that "one has no real friends or permanent enemies" can still be applied to "Thai-Burmese" relations. Burma is Thailand's largest contiguous neighbor, and it shares the longest border with us. [passage omitted]

The putting together of a group to visit Burma by Mr Samphan Thongsamak, the Minister of Education, and the spearhead of the Fine Arts Department and its Deputy Director, Mr. Nikhom Musikakhama, in order to create friendship and build cooperation while restoring historic sites and culture to help make known the adornments of the people in the area called "Indochina" is a strategy which we hope will reduce the suspicion and mistrust which the Burmese government feels toward Thailand and will begin to build a history of friendship in Indo-China.

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The group from the Ministry of Education paid its respects to Lt. Gen. Khin Nyunt, Secretary 1 of the State Law and Order Restoration Council, or as it is abreviated, "SLORC". This is a military committee which governs the country. He is chairman of the national committee for education and directs education along with Lt. Gen. Aung Ye Kyaw, Minister of Culture and Col. Pe Thein, Minister of Education. In their discussions the Burmese officials were clearly agreeable to cooperate in education and culture with Thailand.

"The Education Team" agreed with the idea of using culture and education to build relations and to induce economic and political cooperation later. Assistance in this area will help build confidence in our friendship.

The statement of Lt. Gen. Khin Nyunt, which is like a statement of the Burmese government, was: "The Thai crown is very important to the Burmese people. The King is a good example of a progressive person and is an important person who helped solve Burma's border problem satisfactorily. His influence stretches out to the borders on both sides. When Burma had domestic difficulties, Thailand was the first country to express its sympathy." The Thai group was delighted to meet him.

The influence of the Thai King plus Thai assistance in education, agriculture and public health technology, which this year received a budget of 50 million baht, should improve relations both at the official and the popular level. "The Education Team" felt that cooperation in other areas would probably follow soon.

In any case "The Education Team" felt that Thailand and Burma still had problems which caused too much irritation for good relations, in particular the problem of the border, the logging concessions on the border and the fishing in Burmese waters. These problems were dangerous for relations and could cause them to be broken if one acted hastily.

Relations between Thailand and Burma depended on "trust". If one side broke the mutual trust, the atmosphere would be poisonous. Then no matter how hard we tried to pretend, we would not be able stabilize the friendship.

Although relations are beginning to improve, Burma has still not lost its suspicion of Thailand. "The Education Team" felt that it was an important duty of the government to have a meeting of the minds with and bring the Burmese government to realize that Thailand was "sincere" in wanting to help Burma recover from the domestic unrest which has delayed progress for so long.

"The Education Team" knew that in addition to the tour of Burma to build friendship and study the history and culture of Indo-china, the Fine Arts Department also had plans to travel to build relations with the neighboring countries in Indo-china such as Vietnam, Laos and Cambodia in order to hold discussions about cooperation in the areas of History and Culture with the Thai brothers as the spearhead. [passage omitted]

Better Ties With Cambodian Province Urged

94SE0160B Bangkok THAN SETTHAKIT in Thai 2-4 Jun 94 p 10

[Editorial: "Thailand and Cambodia"]

[Excerpt] [Passage omitted] Peace is in the process of returning although there is no guarantee that it will permanent. The process will probably provide many lessons, in particular the lesson that Cambodia would like very much to be able to rely on us but at the same time has always mistrusted us. The good and the bad of Thai-Cambodian relations have been with us for the entire history of relations between the two states. In particular Thailand ruled Cambodia before France seized it. So Thailand has shown both kindness toward and caused resentment in Cambodia for some time so that the emotions are difficult to separate.

The mistrust is not something which can be easily or quickly erased. The sincerety and honesty which Thailand has announced to be its policy toward Cambodia will be understood provided that it is given some time. But what Thailand should be interested in and should really push for is to somehow make Cambodia rely on us more, especially with regard to its economy. Because I believe that although Thailand and Cambodia mistrust each other, if they had to rely on each other so much that they could not split up, then the mistrust would be limited and its role gradually reduced. Making Cambodia rely on Thailand economically does not mean just making Cambodia a market for Thailand. It also means cooperation in trade, investment and much more.

Thailand must increase its relations with Kas Kong Province in Cambodia because Cambodia has two important seaports for trade: at Kompong Som and at Kas Kong. Thailand's competitors are trying to take possession of Kompong Som. So Thailand should incease its role at the other port where conditions are more favorable for it than for any other nation because the people of Kas Kong generally speak Thai. In building a role there it will be important not to seek advantages especially with regard to selling goods or in buying gems or timber from Cambodia. We should just try to make Kas Kong Province a doorway into Cambodia. This will make Cambodia and Thailand able to depend on each other as good neighbors.

Experts Differ on Biodiversity Convention

BK2707091394 Bangkok THE NATION in English 27 Jul 94 p A9

[By Walakkamon Iamwiwatkit]

[Text] Lawyers, government officials and non-governmental organizations engaged in a heated dispute at a seminar yesterday over whether to ratify the global Biodiversity Convention.

Critics in the private sector claimed the treaty was unclear and that figuring out who would benefit from it

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would depend on how it was interpreted. They predicted it would lead to several problems, including the loss of the country's sovereignty and the unequal consumption of bioresources in Thailand and other developing countries.

However, National Environment Board (NEB) representative Suphawit Paimphongsan fully supported ratification. He said that even though the convention contains many unclear passages, Thailand will benefit by ratifying the agreement and then bargaining over its interpretation.

The NEB already approved ratification of the convention at its meeting on March 30, 1994, stating that the more ratification is delayed the fewer advantages Thailand will receive. Thailand should try to find a way to participate in the negotiation process over the convention's details, which would give it a chance to gain more benefits, the NEB added.

NGOs and lawyers complained yesterday that the NEB decision-making process excluded the public which will be affected by the convention. The public was not informed about the convention and had not been allowed to offer any input.

The seminar—the first held to discuss the legal ramifications of ratifying the treaty—was organized by the Local Development Institute (LM), the Thailand Environmental Law Centre (TELC) and Chulalongkon University's Faculty of Law.

Charoen Khamphiraphap, a TELC lawyer, said the convention is an international treaty designed so that signatory countries could gain maximum profit from its bioresources. At the very least, this could lead to the overwhelming destruction of natural resources, he added.

He said that only two of the 42 articles in the convention refer to the conservation of bioresources. The others focus on how developed countries can use the bioresources of developing countries, which is unfair, he claimed.

Charoen added that ratifying the treaty would diminish the country's sovereignty. The convention would become a new international mechanism to control Thailand. The commitments laid out in the convention will make Thailand more dependent on developed countries.

Vietnam

Commentary Views Situation in Cambodia

BK2707021194 Hanoi Voice of Vietnam in English 1000 GMT 26 Jul 94

[Station commentary]

[Text] Peace process in Cambodia now appears to have little prospect, one of the main causes for the complicated [word indistinct] maze in the country. Here is our radio editor's opinion.

According to the Cambodian first prime minister, Mr. Ranariddh, the Khmer Rouge was the main cause for the current tense and complicated situation in Cambodia. The comment was correct because REUTERS have quoted the deputy mayor of the northwestern Province of Battambang, Mr. Serei Kosal as saying on Monday that about 2,000 Khmer Rouge troops were concentrated in the province in an attempt to launch a counterattack this week. He said that the deployment of the Khmer Rouge guerrillas forced about 500 families to leave their home in the Moung district in the northeastern part of Battambang. He also said that local defense forces were put on high alert and were prepared to fight against any attack from the Khmer Rouge.

By carrying out these activities, the Khmer Rouge are attempting to cause instability, and once again seize power in Cambodia. At the same time, they want to establish the so-called interim government with the aim of abolishing the results of the recent United Nations sponsored general elections. In addition, this faction wishes to attract public support for power dispute in the country. It was the reason why the Cambodian parliament had to adopt the bill to outlaw the Khmer Rouge. Since the establishment of the so-called Interim Committee, this faction has never ceased its terrorist and massacring act against not only Vietnamese residents in Cambodia, but also foreigners working there. Typical was that on 15 July, a group of 10 Khmer Rouge soldiers stopped a bus travelling from Phnom Penh to Pursat Province. They robbed all passengers, and upon discovering a Vietnamese resident on board the bus, they took him out and shot him.

Earlier on 11 July, the Khmer Rouge troops intruded into a village of Bakan district, Pursat Province, killing on the spot a married couple and injuring five others of a Cham ethnic minority family. Khmer Rouge guerrillas had earlier abducted three Westerners on highway No. 4 from Phnom Penh to Sihanoukville port. It was believed the three foreigners were killed by the Khmer Rouge. It was a common criminal act of the Khmer Rouge. They massacre Vietnamese residents to complicate the Cambodian people internal affairs, and to split up traditional and neighboring relations between Vietnam and Cambodia. It is obvious that the Khmer Rouge's nature remains unchanged.

Despite the fact that the Cambodian Royal Government have many times created a chance for them to participate in government, it has last had to outlaw them. Their sabotaging and provocative acts have rendered the situation in Cambodia more complicated which nurtures the threat of a new civil war.

While the Khmer Rouge continues their military activities against Cambodia, and conduct massacres against Vietnamese residents and foreigners in Cambodia, the situation will remain unstable, and real peace can never come.

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Cambodian Cooperation Committee Moves Reported

BK2707023394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 Jul 94

[Text] Implementing a decision cosigned on 19 July by Cambodian First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen, the Royal Government of Cambodia has decided to set up the Cambodia-Vietnam Cooperation Committee.

The committee is composed of 11 members led by Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation.

Vo Van Kiet Chairs Socioeconomic Task Meeting

BK2707010094 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 25 Jul 94

[Text] The government (?standing committee) recently held a working session with the leaders of the Ho Chi Minh City Party Committee and People's Committee on the socioeconomic situation over the first six months of the year and on the course of actions for the last six months of 1994 and also for 1995.

The session was chaired by Prime Minister Vo Van Kiet.

Comrade Truong Tan Sang, chairman of the city people's committee; and his deputy chairmen gave their briefings on the socioeconomic situation of the city over the first six months of the year which were marked with increased industrial, artisan, and handicraft production, with economic growth; with improvements in budget revenue collection and in cultural and social activities, and with the firm maintenance of national security and defense. However, the city's socioeconomic infrastructure has still remained in the state of unguided development and has yet to be tallied with the economic growth rate. Environmental conditions are worsening while cultural and social activities [words indistinct]. Smuggling activities have yet to be reduced.

Speaking to the city, Prime Minister Vo Van Kiet hailed the party organization and people of Ho Chi Minh City for having, over the past six months, striven hard to carry out various socioeconomic activities and having attained relatively comprehensive results on various domains. The results obtained have testified to the city's role as a center of the region and the country as a whole. This is of great significance for the country's socioeconomic growth.

Economically, the prime minister held that the urgent issue of the city and the entire country at present is to increase the sources of revenue and effectively manage all sources of revenue to be mobilized in the area. Presently, the amounts of assets under the management of the city and various central-level sectors in the city are regarded as the country's largest and most valuable. Yet, losses and wasteful use of these assets have continued to be reported. The city must set up an organization strong enough to gather all those assets still lying scattered at various organs and must adopt measures, including the issuance of circulars, for rational management and use of these assets. As the city has already had some experience in real estate management, it must satisfactorily develop its activities in this domain. This is because it represents a considerable source of revenue.

The city must continue to reexamine various sources of budget revenue and must fully collect budget revenue, especially industrial and trade tax. It must ensure correct and adequate budget collection on the basis of correctly determining the targets of collection as well as the magnitude and scope of collection shortfalls, particularly the number of non-taxpayer households. The city has confirmed its failure to collect tax from 10 percent of its total households. However, according a survey by responsible organs, the actual figure of nontaxpayer households is many time larger.

In addition, due to its special location, the volume of goods illicitly imported into the city each year accounts for one-third of the country's total. If antismuggling activities are carried out satisfactorily, this will create a large source of income for the city. This is within the reach of the city and the city is fully able to do this work within its authority.

National Assembly Standing Committee Meets

BK2707013494 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 Jul 94

[Text] During 18-23 July, the National Assembly Standing Committee [NASC] met in Hanoi under the direction of National Assembly Chairman Nong Duc Manh.

1. The NASC has decided to organize the people's councillor elections at various levels for the 1994-99 term on 20 November this year. The NASC asked the government to supervise echelons of people's committees to satisfactorily carry out the election work. The Vietnam Fatherland Front Central Committee shall guide Fatherland Front Committees in various localities to hold consultative meetings to select and introduce nominees running for the people's councillor elections. Various sectors, echelons, mass organizations and societies shall participate in a campaign to propagate and mobilize voters throughout the country to fulfill their citizen obligation in the elections.

The NASC requested the People's Councils, their standing committees, and People's Committees of various echelons to satisfactorily fulfill all the assigned tasks, review work of their 1989-94 term, and actively participate in organizing the upcoming people's councillor elections at various levels to ensure democracy in accordance with stipulations of the law.

2. The NASC has contributed ideas on various major principled issues related to the draft Civil Code based on the research of ideas solicited from the National

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Assembly deputies at the recent Ninth National Assembly's fifth session. The NASC instructed the Law Drafting Committee and agencies concerned to continue their studies to perfect the draft Civil Code before submitting it to the National Assembly for reviewing and making public to solicit ideas from the people. The National Assembly will consider this important law at the Ninth National Assembly's sixth session to be held in late 1994.

The NASC has expressed ideas on the draft regulations on favorite treatment for revolutionaries, families of fallen combatants, sick and wounded soldiers, resistance activists, and those who served meritoriously in the revolution; the draft regulations on civil servants; the draft regulations on protecting the consumers' interests; the draft resolution on defining tariffs for the transfer of land use right and for the changing of agricultural to nonagricultural land status.

The NASC requested the Law Drafting Committee and other National Assembly Committees to solicit more ideas from agencies concerned and other essential organizations to perfect these draft documents before submitting them to the NASC for approval at its next meeting.

3. The NASC discussed measures aimed at effectively implementing the work program for the remaining six months of this year, including the task to supervise, regulate, and coordinate activities of the Nationalities Councils and other National Assembly Committees. The NASC also discussed the organization and implementation of the legislative program for the second half of 1994. It called for efforts to strengthen the investigative activities of the NASC, the Nationalities Council, and other National Assembly Committees on various domains to contribute to fulfilling various 1994 key targets set by the National Assembly's resolutions.

The NASC called on the government, sectors, and echelons to take concrete measures to satisfactorily resolve various proposals made by the NASC and other agencies of the National Assembly.

Government Seeks To Balance Budget

BK2507012294 Hanoi VNA in English 1407 GMT 24 Jul 94

[All quotation marks as received]

[Text] Hanoi VNA July 24—Resolute measures are being taken by the government to reduce the budget deficit and to keep the inflation rate below ten per cent from now to the end of the year, a government official announced recently. Speaking at a press conference in Ho Chi Minh on July 21, Minister Le Xuan Trinh, director of the Government Office said efforts are being strengthened to expand domestic sources of revenue and special attention will be paid to the fight against tax loss among all economic sectors. Meanwhile, expenditures will be limited to balance the budget.

The minister said in the first half of this year domestic budget revenues increased 48 per cent compared to the same period last year. However, this increase is still lower than spending demands set for 1994's second half.

'Fighting against tax loss is one of the most important measures to increase domestic revenues', Trinh said quoting statistics on forms of tax evasion which are still popular in the non-state economic sector.

Besides, increasing collections from private businesses, emphasis should be laid on collection of fees charged on the transfer of land use right, selling and leasing houses and properties to increase budget revenue, Mr. Trinh said.

Spendings for projects, which are not urgent needs will be cut and the 5 per cent thrift of state expenditures are being applied to add efforts toward budget balancing,' Trinh said, adding that 'the government is determined not to add any more expenditures outside scheduled.

According to the minister, with a view to reduce pressure on investment capital in capital construction, projects which, by June 30 [date as received], have not yet completed necessary procedures will be postponed temporarily.

Besides this measure, capital will be lessened for projects which are in transitional phases due to difficulties in procedures.

Trinh said the 6.9 per cent inflation rate in the first half was worrisome but the target to keep inflation rate under 10 per cent can be obtained because food prices have stabilized and industrial output is thriving thanks to the additional energy supplied by the 500 kv transmission line.

The bumper winter-spring harvest has contributed greatly to the stabilization of prices of agricultural products.

Minister Trinh said that it is necessary to maintain the supply- demand balance to avoid fevers of necessities.

Boosting of production is regarded as the best way to keep the inflantion rate under 10 per cent the minister stated, adding that the main objectives set for the national economy in the first half of this year were fulfilled or overfulfilled. Industrial output increased 11.1 per cent and export increased 27 per cent compared to the same period last year. Meanwhile licensed foreign investment projects also increased 65 per cent.

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